

COAST ARTILLERY CORPS.

Second Lieut. John Hensel Pitzer, Air Service, with rank from June 12, 1923.

PROMOTIONS IN THE NAVY.

Capt. Frank H. Schofield to be a rear admiral in the Navy from the 4th day of February, 1924.

Commander Henry N. Jenson to be a captain in the Navy from the 29th day of December, 1923.

Commander Percy W. Foote to be a captain in the Navy from the 1st day of January, 1924.

Lieut. Commander Henry C. Gearing, jr., to be a commander in the Navy from the 1st day of January, 1924.

Lieut. Lloyd R. Gray to be a lieutenant commander in the Navy from the 25th day of July, 1923.

Lieut. Elroy L. Vanderkloot to be a lieutenant commander in the Navy from the 22d day of January, 1924.

Lieut. (Junior Grade) Michael Macdonald to be a lieutenant in the Navy from the 1st day of October, 1922.

Ensign Walter M. Blumenkranz to be a lieutenant (junior grade) in the Navy from the 31st day of December, 1921.

Lieut. (Junior Grade) John O. Jenkins to be a lieutenant in the Navy from the 13th day of June, 1923.

Ensign Frank W. Rasch to be a lieutenant (junior grade) in the Navy from the 30th day of June, 1922.

Ensign Albert McI. Wright to be a lieutenant (junior grade) in the Navy from the 22d day of April, 1922.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 5th day of June, 1923:

George Van Deurs. Edwin D. Graves, jr.

Wilbur A. Wiedman. De Long Mills.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 2d day of July, 1923:

Glen R. Ogg.

James R. Fallon.

The following-named machinists to be chief machinists in the Navy, to rank with but after ensign, from the 24th day of September, 1923:

James E. Graham.

James B. Nolan.

The following-named carpenters to be chief carpenters in the Navy, to rank with but after ensign, from the 2d day of July, 1923:

William Finlay.

Samuel D. Moyer.

Edward T. Cafferey.

John A. Nicol.

Leonard H. Lyon.

George A. Sipzer.

Elmer L. Harding.

John P. Paul.

James J. Sullivan.

The following-named carpenters to be chief carpenters in the Navy, to rank with but after ensign, from the 24th day of September, 1923:

Giles E. Quillin.

Leo M. Hull.

James J. Maune.

William English.

John A. Kemmler.

George Murphy.

Albert E. Rue.

Carpenter William E. McDonough to be a chief carpenter in the Navy, to rank with but after ensign, from the 29th day of October, 1923.

Pay Clerk Charles H. Brandenburgh to be a chief pay clerk in the Navy, to rank with but after ensign, from the 24th day of September, 1923.

CONFIRMATIONS.

Executive nominations confirmed by the Senate March 7 (legislative day of March 6), 1924.

UNDERSECRETARY OF STATE.

Joseph C. Grew to be Undersecretary of State.

POSTMASTERS.

CALIFORNIA.

Jesse D. Myers, Arlington.

John W. Calvert, jr., Azusa.

William B. Higgins, Baypoint.

Purley O. Van Deren, Broderick.

Frank T. Hawes, Centerville.

Floyd F. Howard, Courtland.

Katherine H. McLernon, Culver City.

Anthony G. Heerman, Dinuba.

Wesley A. Hill, Eureka.

Carrie I. Pfau, Fairfield.

S. Glen Andrus, Fair Oaks.

Nettie Fausel, Independence.

Samuel W. Green, Isleton.

Frances E. Bennett, Mills College.

Belle Kornelissen, Newhall.

Lewis E. Leavell, Novato.

John F. Connors, Oakland.

Winfield S. Buchner, Oildale.

Manuel S. Trigueiro, San Miguel.

William E. Edwards, Westmoreland.

M. Elizabeth Woods, Wilmington.

DELAWARE.

James M. Montgomery, Edgemoor.

IDAHO.

Aruthur B. Bean, Pocatello.

Peter W. McRoberts, Twin Falls.

MASSACHUSETTS.

Isabelle Crocker, Cotuit.

Chestina B. Robbins, East Templeton.

OKLAHOMA.

Ada M. Thompson, Mannford.

OREGON.

David S. Young, Defur.

Don Ellis, Garibaldi.

Fred C. Holznagel, Hillsboro.

Thomas G. Hawley, Multnomah.

George W. Trommlitz, Toledo.

PENNSYLVANIA.

Calvin E. Cook, Dillsburg.

George M. Johnson, Laceyville.

Harry E. Pote, Marcus Hook.

PORTO RICO.

Nicolas Ortiz Lebron, Aibonito.

Gasper R. Ferran, Barceloneta.

Jose E. Guenard, Mayaguez.

Roque Rodriguez, Ponce.

Juan Vissepo Hernandez, San Sebastian.

L. Castro Gelpi, Vieques.

HOUSE OF REPRESENTATIVES.

FRIDAY, March 7, 1924.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father in heaven, Thou who art our refuge and strength and always near, continue the blessings of Thy wisdom and mercy unto us, unto our homes, and unto our country. In all that we are and do, O may we prove ourselves worthy of Thy bountiful gifts. Prepare us with fortitude, self-possession, and great faith for whatever may come to us. In sunshine and in shadow; in victory and in defeat; in the defense of the right; and in condemnation of the wrong, help us to be true Christian men who are seeking to do Thy will and to do of Thy good pleasure. Amen.

The Journal of the proceedings of yesterday was read and approved.

QUESTION OF PRIVILEGE OF THE HOUSE.

Mr. BLANTON. Mr. Chairman, I rise to a question of privilege of the whole House.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. Mr. Speaker, I am sending to the Speaker's table a copy of this morning's Post, and of yesterday afternoon's Star, Times, and News, in all four of which papers is the allegation that a man named B. F. Dorsey is an employee of the House Office Building, or, in other words, an employee of the House of Representatives. That when arrested he had in his possession a jug of whisky which he claimed he procured for and was then taking to a Congressman in the House Office Building. I present them, Mr. Speaker, as a privilege of the whole House, and I desire to be heard.

The SPEAKER. The gentleman is not in order. A Member rising to a question of privilege of the House must present a resolution.

Mr. BLANTON. I present a resolution, Mr. Speaker.

Mr. BANKHEAD. Mr. Speaker, I think this is a very important matter, and I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Alabama makes the point that no quorum is present. Evidently there is no quorum present.

Mr. LONGWORTH. Mr. Speaker, I move a call of the House.

The motion was agreed to.

Accordingly the doors were closed, the Sergeant at Arms was directed to bring in absent Members, and the Clerk called the roll.

The following Members failed to answer to their names:

Anderson	Fairchild	McFadden	Snyder
Anthony	Fairfield	McLaughlin, Nebr.	Sprout, Ill.
Beedy	French	Michaelson	Sullivan
Berger	Fuller	Mills	Sweet
Black, Tex.	Gallivan	Nelson, Me.	Tagne
Black, N. Y.	Gifford	Nolan	Taylor, Colo.
Brand, Ohio	Graham, Pa.	O'Brien	Thomas, Ky.
Britten	Greene, Mass.	O'Connor, La.	Tincher
Buchanan	Hull, Morton D.	Quayle	Vare
Canfield	Johnson, S. Dak.	Rainey	Ward, N. Y.
Connolly, Pa.	Jost	Reed, N. Y.	Wefald
Corning	Kahn	Reed, W. Va.	Wertz
Curry	Kelly	Sanders, Ind.	Wilson, Miss.
Dallinger	Kendall	Scott	Winslow
Darrow	Kent	Sears, Fla.	Wood
Davey	Kvale	Shreve	Woodruff
Dempsey	Leibach	Sites	
Edmonds		Snell	

The SPEAKER. Three hundred and sixty-one Members have answered to their names. A quorum is present.

Mr. LONGWORTH. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

The SPEAKER. The gentleman from Texas offers a resolution, which the Clerk will report.

The Clerk read as follows:

Whereas the Star, Times, and News, published in Washington, D. C., yesterday afternoon, and the Post, published this morning, all state that when arrested near the House Office Building one B. F. Dorsey had in his possession a half-gallon jug of whisky which he claimed he had procured for and was taking to a Congressman in said House Office Building, where he claimed to be employed: Therefore be it

Resolved, That the said B. F. Dorsey be directed to transmit to the House of Representatives the name of the Congressman whom he alleges he procured said whisky for, and instructions, if any, that were given him by such Congressman.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to amend the resolution. After the word "Resolved" strike out the balance of the resolution and insert in lieu thereof the following:

That a committee of five Members of the House be appointed by the Speaker—

Mr. LONGWORTH. Mr. Speaker, I object to the modification of the resolution. The gentleman asked unanimous consent and I object.

Mr. BLANTON. Then, Mr. Speaker, I move—

The SPEAKER. The Chair thinks the gentleman has a right to withdraw his resolution and offer a modification of it.

Mr. BLANTON. Mr. Speaker, after the word "Resolved" strike out the balance of the resolution and insert in lieu thereof the following:

That the Speaker appoint a special committee of five Members of the House to investigate—

Mr. LONGWORTH. Mr. Speaker, I object to the form in which the amendment is made.

Mr. BLANTON (continuing)—

to investigate as to the truth or falsity of these charges, and report back to the House at the earliest possible moment.

Mr. SNELL. Mr. Speaker, I make a point of order against the resolution.

The SPEAKER. The gentleman from Ohio [Mr. Longworth] objected, but the Chair thinks the gentleman is entitled to modify his resolution in any way he pleases.

The gentleman from New York will state his point of order.

Mr. SNELL. In the first place, that it is not a privileged resolution. In paragraph 655 of the Manual the Chair will find this language:

But vague charges in newspaper articles, criticisms, or even misrepresentations of the Members' speeches or acts have not been entertained—

Mr. BLANTON. Mr. Speaker, before the gentleman makes his point of order I would like to state the basis of the privilege claimed.

The SPEAKER. The gentleman is entitled to make his point of order.

Mr. LONGWORTH. A parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. LONGWORTH. Without the consent of the House, has the gentleman the right to modify his amendment?

The SPEAKER. In committee he has not, but in the House the gentleman has the right to modify his resolution.

Mr. SNELL. Has the gentleman's resolution been reduced to writing?

The SPEAKER. The Clerk will report the modified resolution.

The Clerk read as follows:

Resolved, That the Speaker appoint a special committee of five Members of the House to investigate as to the truth or falsity of these charges and report back to the House at the earliest possible moment.

Mr. SNELL. Mr. Speaker, I desire to call the Chair's attention to paragraph 655 of the Manual. Here we find that vague charges in newspaper articles, criticisms, or even misrepresentations of the Members' speeches or acts have not been entertained as privileged matter.

There are several decisions in Hinds' Precedents that are absolutely in line with, and exactly on a parallel with, the question now before us. I will not take the time to read them to the House, but they are in Volume III, Nos. 2711-2714. In each one of these rulings vague newspaper charges were held by the Speaker not to possess privilege status, and in each case the point of order was sustained against them. Now, what do we have here, as presented by the gentleman from Texas [Mr. BLANTON]?

This does not have even the responsibility of the newspapers back of it; it is simply the careless and irresponsible statement of a bootlegger. It is the statement of a confessed crook and criminal, who is simply trying to free himself by turning attention to some one else. He is doing it for self-protection. Who would believe him even if he did give his name to the House? [Applause.]

It is perfectly evident he was doing this to shield his own wrongdoings, and if he did give a name to the House it would be a fictitious one.

Therefore, Mr. Speaker, I maintain it is beneath the dignity of this House to give any attention or consideration to such a vague and irresponsible rumor as the gentleman from Texas [Mr. BLANTON] has presented, and has been printed in certain newspapers.

Furthermore, I am definitely informed by the Clerk of the House, the Sergeant at Arms, the Doorkeeper, and the Architect of the Capitol that no such man in recent years has been an employee around the Capitol Building.

Therefore, Mr. Speaker, I am very sure this is not a privileged resolution and a point of order should lie against it.

Mr. BLANTON. Mr. Speaker, I want to be heard. I do not believe there is a Member in this House, whether there are any who are addicted to drink or not, who would buy liquor from a bootlegger; I do not believe it. [Laughter.] But there is a newspaper charge here in four Washington newspapers that an employee of the House of Representatives, in the House Office Building, was caught over here next to the House Office Building night before last with a half-gallon jug of whisky under his arm, which he alleged he was taking to a Congressman.

Mr. SNELL. Will the gentleman yield right there for a moment?

Mr. BLANTON. In just a moment. The papers allege that he was taking it to a Congressman in the House Office Building; that he had procured it for a Congressman in the House Office Building, and that they had better turn him loose or the Congressman would come down there and cause them trouble.

Mr. SNELL. Did the man make the statement he was an employee of the House?

Mr. BLANTON. The papers allege that he said he is an employee of the House.

Mr. SNELL. I am officially informed that he is not an employee of the House.

Mr. BLANTON. I am asking for a House committee to investigate and report to this House as to whether this charge is true. I submit, Mr. Speaker, that this is a reflection upon every Member of the House of Representatives. [Laughter.] Well, newspapers in your district and mine will report that we are shielding somebody that we ought not to shield. They will report, Mr. Speaker, that there was somebody there who ordered a half-gallon jug of whisky, and when an employee of our body is caught, he flaunts the law and says, "Turn me loose, because the man I am buying this for will make you do it." I say, Mr. Speaker, that does reflect upon the integrity of the House and that does raise a question of privilege, and I submit, Mr. Speaker, the resolution is in order.

The SPEAKER. The paper, which the gentleman has placed before me, states that the man was arrested, and that he protested his arrest on the ground that the liquid burden was intended for a Representative of the House. Of course, the

Chair always wishes, as the membership undoubtedly wishes, to protect the privileges of the House, but the Chair is disposed to think that the citations made by the gentleman from New York [Mr. SNELL], stating that vague rumors or accusations against the House do not constitute privilege, are applicable here. This is simply a statement by an individual whom the gentleman from New York says is not an employee of the House endeavoring to excuse himself from a breach of the law by implicating a Member of the House. Obviously, the language used was to exonerate himself. The Chair does not think this is such a charge against the dignity of the House as to make it privileged. The Chair sustains the point of order. [Applause.]

QUESTION OF PERSONAL PRIVILEGE.

Mr. LANGLEY. Mr. Speaker, I rise to a question of personal privilege. [Applause.]

The SPEAKER. The gentleman from Kentucky rises to a question of personal privilege, which the gentleman will state.

Mr. LANGLEY. Mr. Speaker, for some days it has come to my knowledge, in one way and another, that my name was being connected with the report recently made by the Chicago grand jury. My own inclination was to immediately rise and tell my fellow Members that it was not true so far as I was concerned. [Applause.] One reason I did not do so was that no specific charge had been made against me. I had assumed that in response to the resolution of the House of yesterday that by this time we would know who of this House is accused of violating the law and his official trust, but that information has not yet been received. However, a reputable morning paper contains my name and, in substance, the statement that I was one of those who would be accused.

My fellow Members, I am acting against the advice of some of my best friends in speaking now in advance of such report, but I can not longer remain silent under these statements. [Applause.]

I have served this Government in an official capacity for more than 30 years, nearly 18 of which have been as a Member of this great body. My life has been an open book. I have gone in and out among my people and among the membership of this House during these years, and this is the first time that any aspersions have ever been cast upon my personal or official integrity. Coming as I do from a Kentucky mountain district, where the people value honor higher even than human life, it is but natural that I should feel shocked at such an accusation, and while no report has yet been received, if the newspaper stories are correct and such a report does come to this House and that report should contain my name, I ask of my colleagues that a forum be immediately created wherein I can at least exercise the right established at Runnymede to stand face to face with my accusers [applause], and where the truth can be speedily disclosed.

Without any specific information I can, of course, enter into no specific denial, but I have this to say here and now. In the presence of Almighty God and these witnesses I have committed no crime. [Applause.] I have done no wrong, and I confidently rely upon a speedy vindication at the hands of my colleagues of this House.

Not only am I anxious if such a report comes in, but I insist upon an immediate investigation of any charge that may be made. Conscious as I am of the uprightness of my personal and official conduct I shall ask, yea, I shall demand, as a Member of this House the appointment by the Speaker of a committee which shall be given full power to summon and swear witnesses, to send for persons and papers, and take such action as will bring the truth to light. God helping me, I want the truth, the whole truth, and nothing but the truth. I want at least in the meanwhile to have in the minds of my friends and in the minds of my constituents and in the minds of my countrymen at least as much right as the criminal and the crook have of being presumed innocent until proven guilty. I thank you. [Applause.]

Mr. UPSHAW. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. The gentleman from Georgia asks unanimous consent to address the House for three minutes. Is there objection?

Mr. KNUTSON. Reserving the right to object, what is the gentleman going to speak about?

Mr. UPSHAW. Concerning the matter before the House, in support of the brave speech of the gentleman from Kentucky.

Mr. KNUTSON. I withdraw the objection.

Mr. UPSHAW. Mr. Speaker and gentlemen, I simply want to say that all of our hearts have been stirred by the brave and manly words of our colleague from Kentucky [Mr. LANGLEY], and I feel that I would be recreant to every impulse of loyalty

to the honor of this House and loyalty to a long friendship if I did not indict from my own standpoint as a citizen and as a Member of Congress the reckless way in which the Department of Justice has given publicity concerning Members of this House. [Applause.]

The gentleman from Ohio [Mr. LONGWORTH] said a striking thing yesterday when he brought out the fact that in an interview concerning this matter a representative of the Department of Justice had confessed that this testimony and these insinuations were made by men who were generally believed to be criminals and crooks. [Applause.]

Listen. It would have been the ethical act of a careful representative of the Department of Justice to have kept from the public any aspersion whatever concerning a Member of this House until they were ready to substantiate that charge. [Applause.] I feel constrained to say that as a Member of this Congress, as a loyal friend of the gentleman from Kentucky, but more than all as a friend of the honor of every Member of this House—yea, and I may say that as a known friend and defender of the cause of personal and national sobriety—I want to protest that never again shall any department of this Government broadcast any kind of aspersions against the honor of this House until they are ready to deliver the goods. [Applause.] The first word should not be spoken until the last word is ready. I indict the reckless and half-baked way in which the honor of our colleagues has been attacked, and I rejoice to give my hand to the gentleman from Kentucky [Mr. LANGLEY] and the gentleman from Maryland [Mr. ZIEHLMAN], whose names have been mentioned, and say to them in this presence that I have full faith in their honor as patriots and gentlemen. [Applause.]

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 2236. An act to designate the time and place of holding terms of the United States district court in the first division of the district at Kansas City;

S. 684. An act to authorize the coinage of 50-cent pieces in commemoration of the commencement on June 18, 1923, of the work of carving on Stone Mountain, in the State of Georgia, a monument to the valor of the soldiers of the South, which was the inspiration of their sons and daughters and grandsons and granddaughters in the Spanish-American and World Wars, and in memory of Warren G. Harding, President of the United States of America, in whose administration the work was begun; and S. J. Res. 91. Joint resolution to authorize the National Society United States Daughters of 1812 to place a marble tablet on the Francis Scott Key Bridge.

The message also announced that the Senate had passed with amendment the bill of the following title, in which the concurrence of the House of Representatives was requested:

H. R. 7039. An act to amend section 72 of chapter 23, printing act approved January 12, 1895.

The message also announced that the Senate had passed without amendment bills of the following titles:

H. R. 5557. An act to authorize the settlement of the indebtedness of the Republic of Finland to the United States of America; and

H. R. 4577. An act providing for the examination and survey of Mill Cut and Clubfoot Creek, N. C.

SENATE BILL REFERRED.

Under clause 2 of Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 2236. An act to designate the time and place of holding terms of the United States district court in the first division of the district at Kansas City; to the Committee on the Judiciary.

ENROLLED BILL PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. ROSENBLUM, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States for his approval the following bill:

H. R. 4121. An act to extend the provisions of certain laws to the Territory of Hawaii.

ENROLLED BILL SIGNED.

Mr. ROSENBLUM, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill of the following title, when the Speaker signed the same:

H. R. 3444. An act for the relief of certain nations or tribes of Indians in Montana, Idaho, and Washington.

MUSCLE SHOALS.

Mr. McKENZIE. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 518, relating to Muscle Shoals.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. MAPES in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill, of which the Clerk will read the title.

The Clerk read the title, as follows:

The bill (H. R. 518) to authorize and direct the Secretary of War to sell to Henry Ford nitrate plant No. 1, at Sheffield, Ala.; nitrate plant No. 2, at Muscle Shoals, Ala.; Waco Quarry, near Russellville, Ala.; and to lease to the corporation to be incorporated by him Dam No. 2 and Dam No. 3 (as designated in H. Doc. 1262, 64th Cong., 1st sess.), including power stations when constructed as provided herein, and for other purposes.

Mr. McLAUGHLIN of Michigan rose.

Mr. BURTON. Mr. Chairman, I understand the gentleman from Michigan desires to introduce an amendment to be pending before the House for consideration, and I will yield to him.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, during discussion in the House yesterday the bill was criticized because it contains no provision relating to the control of the service to be rendered by the company, or regulation of the rates or charges to be made for power or electric current. In answer to that criticism friends of the bill said that the State in which the service is performed will have control. That is mere expression of opinion. It is an important matter which ought to be made clear and free from all doubt now and in years to come. The amendment I offer would make it clear that a State in which service is rendered will have jurisdiction and control over service and rates of charges. My amendment will meet the suggestions of those who have said that the State ought to have such authority.

In preparing the amendment I have made use of some of the language of sections 19 and 20 of the Federal water power act as far as I believe they are applicable to the present situation. It will give the Federal Power Commission authority to function in the matter of service, rates, and charges only in case the State is unable to act. I am not entirely clear as to the place in the bill to which the amendment should be offered, but I have prepared it to be offered at page 16, at the end of line 2, as a new section. I ask that the amendment may be now read. It is not offered in a spirit of criticism or of opposition to the bill. If adopted it will make the bill what its warmest advocates say it means now. It should be promptly accepted by them.

Mr. SNELL. Then the gentleman admits that the bill can be amended and Mr. Ford will accept it?

Mr. McLAUGHLIN of Michigan. I believe that the amendment is proper and necessary. I believe it is not such an amendment as Mr. Ford will object to or that he would be justified in objecting to it. At least, I wish it to be before the House for consideration.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent that the amendment that he proposes to offer to page 16 of the bill may be read by the Clerk for information.

Mr. GARRETT of Tennessee. Mr. Chairman, reserving the right to object, there was some reason for having amendments read in advance of the point at which they would be offered yesterday because we would have a chance to see them in the Record this morning. I do not see the advantage of having an amendment read now unless it should develop that we will not reach it this afternoon.

I shall not object to this request, but I hope it will not become a practice of gentlemen to give notice now of amendments they propose to offer later in the same day.

The CHAIRMAN. Is there objection?

Mr. STENGLE. Mr. Chairman, I object unless the gentleman can show why it should be read at this time.

The CHAIRMAN. The gentleman from New York objects.

Mr. BURTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. STENGLE. Mr. Chairman, I withdraw my objection to the request of the gentleman from Michigan. I understand his purpose now.

The CHAIRMAN. The gentleman from New York withdraws his objection to the request of the gentleman from Michi-

gan that his proposed amendment be now read for the information of the committee. Is there objection to the request of the gentleman from Michigan? [After a pause.] The Chair hears none, and the Clerk will read the amendment.

The Clerk read as follows:

Amendment offered by Mr. McLAUGHLIN of Michigan: Page 16, at the end of line 2, add a new section:

"Whenever the company shall render or supply any public service by way of developing, distributing, or supplying electric current or power for any use or purpose for sale to customers or consumers thereof it shall abide by such reasonable regulation of such service and of rates and charges of payment therefor as may from time to time be prescribed by any duly constituted agency of the State in which the service is rendered or the rate charged, and in case such development, transmission, or distribution, or other service within a State which has not authorized or empowered a commission or other agency or agencies within said State to regulate and control the service to be rendered or the rates and charges of payment therefor, jurisdiction is hereby conferred upon the Federal Power Commission, to be exercised under the provisions of the Federal water power act approved June 10, 1920, or as the same may hereafter be amended as to the regulation and control of service and as to rates and charges to be made therefor, upon the complaint of any person, as defined in said act, or upon the initiative of said commission, to exercise such regulation and control until such time as the State shall have provided a commission or other authority for such regulation and control. When any service herein mentioned or any part thereof shall enter into interstate or foreign commerce the service rendered and the rates and charges therefor shall be reasonable, nondiscriminatory, and just to the customers and consumers, and all unreasonable, discriminatory, and unjust rates and charges are hereby prohibited and declared to be unlawful; and whenever any of the States directly concerned has not provided a commission or other authority to enforce the requirements of this section within such State, or such States are unable to agree through their properly constituted authorities on the service to be rendered or on the rates or charges of payment therefor jurisdiction is hereby conferred upon said Federal Power Commission, upon complaint of any person aggrieved, on the request of any State concerned, or upon its own initiative, to enforce the provisions of this section to regulate and control so much of such service rendered and of the rates and charges or payment therefor as constitute interstate or foreign commerce. The administration of the provisions of this section, as far as applicable, shall be according to the procedure and practice in fixing and regulating the rates, charges, and practices of railroad companies, as provided in the act to regulate commerce, approved February 4, 1887, as amended, and the parties subject to such regulation and control shall have the same rights of hearing, defense, and review as said companies in such cases."

Mr. BYRNS of Tennessee. Mr. Chairman, I move to strike out the last word. I shall ask the indulgence of the committee for only a few moments. Before I state the object of my request for recognition, let me say by way of preface that I am quite sure that every Member of the House knows that I have been a very ardent supporter of the offer of Henry Ford since it was first made, and that I am to-day very heartily in favor of the acceptance of Mr. Ford's offer. I may say that I do not believe that any material or fundamental amendment should be proposed to the bill or adopted because the bill is founded upon a contract, and should either be accepted or rejected as it comes before us; and so far as I am concerned, I do not think that I shall support any amendment unless, perhaps, the amendment which the gentleman from Illinois [Mr. MADDEN] announced yesterday that he proposed to offer, and which embodies the actual language of the proposal. Amendments to the bill, as a rule—and I say this without impugning the motives of any of those who may offer them—can not be considered in any other way except as having the effect of defeating the object of the legislation. The power companies and others opposing Henry Ford have been trying for two years, and have succeeded up to this time, to delay consideration of the proposition for the sole purpose, of course, of finally defeating it; and as I view it—and, I repeat, without impugning the motives of any of those who may offer amendments—acceptance of amendments to this legislation now, which is based upon a contract, will amount to nothing less than its defeat.

It was stated yesterday that one of the power companies which is in this combine making an offer—the Tennessee Electric Power Co.—had been attacked in the courts of Tennessee for violation of the State antitrust laws. I have a telegram here from Judge J. M. Anderson and Mr. W. E. Norvell, Jr., two of the most prominent and ablest attorneys in Nashville and citizens of the highest standing in the State, which they have asked me to present and read to the House. These gentlemen are the attorneys representing the Tennessee Power Co. in the suit referred to. The telegram is as follows:

NASHVILLE, TENN., March 6, 1924.

HON. JOSEPH W. BYRNS,
Washington, D. C.:

We have been informed that it has been charged on the floor of the House that the Tennessee Electric Power Co. was organized and is being operated in violation of the antitrust laws of the State and has no legal status in Tennessee. A bill was filed by the attorney general some time ago seeking to oust this company from the State upon the grounds that it was organized and operated in violation of both the antitrust statute of the State and of the common law. About three weeks ago Chancellor Newman, after a full hearing on the pleading and proof, held that neither its organization nor its operation was unlawful, and the bill filed to oust the company from the State was by the chancellor dismissed. So far no appeal has been fixed. If our information as to the charge having been made is correct, will you please see that the same publicity that was given the charge be given the chancellor's decision.

J. M. ANDERSON.
W. E. NORVELL, Jr.

I felt that in all fairness it was proper to present the facts stated in this telegram to the House.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield? Mr. BYRNS of Tennessee. Yes.

Mr. CHINDBLOM. In view of what the gentleman said about the effect of offering amendments, will the gentleman say that Members of the House who believe that the substantial features of the water power act should be applied in this case, who believe that to be a condition precedent, a sine qua non of their support of this bill, should not have the privilege to freely offer amendments to that effect, in the hope that Mr. Ford himself may accept such provision?

Mr. BYRNS of Tennessee. Oh, no; I do not contend that they should not, and as I said, I impugn the motives of no Member who offers an amendment, and I do not question the sincerity of those gentlemen who may offer an amendment, but as I view this proposition, based as it is upon a contract, material and fundamental amendments can have no other result than that of defeating the legislation, and, in my judgment, Members of this House should be courageous enough in voting on this proposition to vote it up or vote it down, and not afford an opportunity to its opponents to indirectly defeat it by amendment.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. NEWTON of Minnesota. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment. The Clerk read as follows:

Amendment offered by Mr. NEWTON of Minnesota: Page 1, line 5, strike out the words "the following contracts" and insert in lieu thereof the words "a contract or contracts containing the following provisions:"

Mr. NEWTON of Minnesota. Mr. Chairman, I merely want to direct the attention of the chairman of the Committee on Military Affairs to the language of the last line on the first page. It says "that the Secretary of War is hereby authorized and directed, for and in behalf of the United States of America, to execute the following contracts."

Now, turn the page and what is before you? It is not a contract, but certain provisions that the Secretary of War is later to set forth in the contract or contracts. Now, it seems to me, in the interest of good bill drafting and statute writing that the language of the bill before us should be so far modified as to say just exactly what is meant, I hope that this rule against the amendment to this bill does not go to the extent of preventing the perfecting of its phraseology.

Mr. McKENZIE. Will the gentleman yield?

Mr. NEWTON of Minnesota. I will.

Mr. McKENZIE. Does the gentleman think this is drawn in such a way that there is danger they can not carry out the proposals of this bill?

Mr. NEWTON of Minnesota. No; but the gentleman likes to have bills pass the House in such form so that they really say what the House intends to say and what the gentleman intends to say. We have certain provisions here that the Secretary is authorized to embody in a contract.

Mr. McKENZIE. I might say to the gentleman from Minnesota that, so far as the chairman is concerned, I take it that the amendment is offered as a friendly amendment and not an unfriendly one—

Mr. NEWTON of Minnesota. It is.

Mr. McKENZIE. And intended to make it more specific. We might have framed that in a little better language in this section of the bill, but if that is true, so far as I am personally

concerned, I have no objection to the amendment. If anyone else has an objection, all right; but if not—

Mr. HILL of Maryland. Will the gentleman yield?

Mr. NEWTON of Minnesota. I yield to the gentleman from Maryland.

Mr. HILL of Maryland. I am much impressed by what the gentleman says, and I want to ask a question. On page 1 the last word is "contracts." In reading this bill, how many contracts does the gentleman contemplate are to be made by the Secretary of War embodying this offer? I would like to ask the chairman of the committee that question.

Mr. NEWTON of Minnesota. It is my idea there is to be but one contract, and that is between the Government and Henry Ford. It occurs to me possibly it might be advisable and necessary to have more than one contract, and that is the reason in the amendment I use the term "contract" or "contracts."

Mr. HILL of Maryland. Well, the bill itself says "contracts."

Mr. NEWTON of Minnesota. Yes.

Mr. STEVENSON. Mr. Chairman, I have not taken any time on this measure and very little on others, but there are a few things about this suggested by the gentleman from Tennessee that I want to talk about a little and in connection with the amendment proposed yesterday by the gentleman from Ohio [Mr. BEGG]. Now, the gentleman from Tennessee is correct, that amending the substantial terms of an agreement proposed between Ford and the Government would be an amendment to a proposition which might make it such a different proposition as it might defeat the whole thing. But amendments which look to the guarding of the rights of the Government and the enforcement of the contract after the contract is made are absolutely necessary and do not destroy the agreement which is proposed by Mr. Ford, and such amendments as necessary should be made. Now, there is one that ought to be made. It is following the line of the gentleman from Ohio, but his amendment would put us in a worse condition than we are now.

This act provides that the contract may be enforced in any court and in the court of equity of the United States District Court. That provision is made, but there is no provision to provide for the forfeiture or reversion of the property in case of a failure to comply. Now, you ought to have both remedies. You ought to have the right in case of a failure to the Government either to elect to recapture and take possession of the property or go into court and force specific performance. You want them both, and the amendment of the gentleman from Ohio proposed yesterday was looking to that—

Mr. BEGG. Will the gentleman yield right there?

Mr. STEVENSON. I have not the time now. I will yield when I finish my statement. But his amendment is dangerous in this respect—but before I come to that I want to state the reason I say we ought to have a forfeiture clause in it. My State has been through this same experience we are preparing for the United States. In 1888 we were constructing a canal which had not been completed and the State was unable to complete. The State conveyed it to a corporation which contracted to complete the canal and furnish the water power with which to operate certain institutions. They completed it to a point where it was available for the generation of water power and stopped and for 25 years it stayed there and has done nothing except generate some water power, the State demanding all the time that it go on and complete it so as to furnish navigation? What is the result? The State went into court to recover possession of the canal and the property on the ground of failure to complete the canal and asked for a reversion of the property to the State on the ground that it had the right to recover because the contract had not been completed. The Supreme Court of the United States less than a year ago decided against the State because it had no recapture clause in it and that it had no right except to enforce specific performance, and consequently the State got kicked out of court and had to start an action for specific performance.

Now, I say that the amendment offered by the gentleman from Ohio [Mr. BEGG] yesterday is looking to guard against that very difficulty. Something of that kind ought to go in, but not just what he offered.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. In a moment. I ask to be allowed to finish my statement, and then I will yield to gentlemen. The proposition which the gentleman from Ohio offered on yesterday is dangerous from this standpoint. You have to provide for these forfeitures and for the right to demand specific performance. If you do not look out and guard the right of election, you will have a court saying, "Well, you provided for the forfeiture, and therefore you can not have specific performance."

Mr. BEGG. The gentleman is talking about something that is not in the amendment at all.

Mr. STEVENSON. I am talking about the amendment that is printed in the Record. The amendment there does not give election to the Government to pursue either course, and when you get into court you will be met with the proposition that you provided for the forfeiture and therefore you have not the right to demand performance. I hope the gentleman from Ohio will redraft his amendment so as to guard the proposition that the Government will have election to do either. That amendment ought to be adopted. Is that what the gentleman wants?

Mr. BEGG. Yes.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. STEVENSON. Mr. Chairman, I ask unanimous consent to proceed for five minutes. I have not talked much at this session.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. STEVENSON. I asked for that in order to yield to the gentleman who asked me to yield. I yield to the gentleman from Arkansas.

Mr. WINGO. I agree with the gentleman that we ought, of course, to have the right of the Government to recapture made clear. Could we not avoid the dangers he pointed out by having that recapture proposition put in to this effect: That a failure to carry out the terms shall be considered ground for forfeiture, and in that case the Government could recapture? That is a general recapture law and not a piecemeal bit of legislation.

Mr. STEVENSON. Yes. There ought to be a provision written in here to the effect that the failure to carry out the substantial terms of this contract shall be ground for the forfeiture of the right, and the Government, on the proclamation of the President, has the right to enter and recapture, and in case that is not done, the Government shall have the right to elect whether to enter and recapture or require the specific performance of the contract.

Mr. BEGG. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. BEGG. The gentleman is talking exactly along the line of my amendment.

Mr. STEVENSON. If the gentleman is talking about some other matter, very well.

Mr. BEGG. I am talking about what you are talking about, but you do not know what you are talking about. [Laughter.]

Mr. STEVENSON. I am very much humiliated if that is true.

Mr. BEGG. I will convince the gentleman. What does Mr. Ford undertake to do other than to manufacture fertilizer?

Mr. STEVENSON. He undertakes to pay rent, 4 per cent, a considerable amount.

Mr. BEGG. That is something we agree to do, for him to pay 4 per cent on the cost.

Mr. STEVENSON. The gentleman admits that I am right, although he says I do not know what I am talking about.

This is the proposition: The gentleman's amendment offered yesterday did two things: It provided that Henry Ford could default for three years and lie down and get out of the whole thing. It provided that he could default four years out of six, and not make a pound of fertilizer, and still hold his position and hold his property. That is not right. It ought to be that he has got to make it continuously and every year. And the act ought to say that he can either be kicked out or specific performance brought against him. That ought to be written in here.

Mr. KEARNS. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. KEARNS. I understand the gentleman from South Carolina believes that there ought to be an amendment by which Mr. Ford will be compelled to make fertilizer or else the property reverts to the Government?

Mr. STEVENSON. I believe he should be compelled to make fertilizer and live up to the other terms of the contract or the Government shall have the right to elect either to take the property back without suit or process or go into court and compel performance.

Mr. KEARNS. The gentleman believes that this is not yet written into the contract?

Mr. STEVENSON. It is not in the bill as it is now, but this does not affect the terms of the agreement which have been offered. The substantial terms of the agreement are not affected by that. That is really provision for the proper en-

forcement of the right growing out of the contract, and therefore it would not destroy the contract, as has been suggested.

Mr. MONTAGUE. Mr. Chairman, I have an amendment which I wish to offer.

The CHAIRMAN. Is it an amendment to the pending amendment?

Mr. MONTAGUE. Yes, sir. I offer an amendment as a substitute for the amendment offered by the gentleman from Minnesota [Mr. NEWTON]. My amendment is in these words—

The CHAIRMAN. Will the gentleman send it to the Clerk's desk?

Mr. MONTAGUE. I beg leave to read it, and then I will send it.

The CHAIRMAN. The gentleman from Virginia offers an amendment, which the Clerk will report.

The Clerk read as follows:

Substitute amendment to the Newton amendment offered by Mr. MONTAGUE: Page 1, line 4, after the word "execute," insert "a." In line 5, strike out the words "the following contracts" and insert "contract or contracts" and before the colon insert "within and pursuant of the authorization, powers, and limitations contained in this act," so that as amended the paragraph will read: "That the Secretary of War is hereby authorized and directed for and in behalf of the United States of America to execute a contract or contracts within and in pursuance of the authorization, powers, and limitations contained in this act."

Mr. NEWTON of Minnesota. I have no objection to that substitute, and I ask for a vote.

Mr. MONTAGUE. I have no desire to debate it.

Mr. NEWTON of Minnesota. I will gladly accept it as a substitute for the amendment which I have offered.

The CHAIRMAN. The question is on agreeing to the substitute offered by the gentleman from Virginia [Mr. MONTAGUE] to the amendment offered by the gentleman from Minnesota [Mr. NEWTON].

The question was taken, and the substitute was agreed to.

The CHAIRMAN. The question is now on the amendment offered by the gentleman from Minnesota [Mr. NEWTON] as amended by the substitute offered by the gentleman from Virginia [Mr. MONTAGUE].

The question was taken, and the amendment as amended was agreed to.

The CHAIRMAN. The gentleman from Missouri [Mr. LOZIER] is recognized.

Mr. LOZIER. Mr. Chairman and gentlemen of the committee, it is very evident to anyone who has observed the proceedings of this House yesterday and to-day that this bill is in danger of being mutilated beyond recognition by the adoption of amendments. Let us see what the situation is. The bill, as reported by the committee, requires the Ford Co. to manufacture "continuously" throughout the lease period, "annually," at least 40,000 tons of fixed nitrogen for the use of the American farmers. The only exception is in case of war, strikes, accidents, fires, or other causes beyond control. The Ford Co. must furnish this quantity of fertilizer each and every year.

Take the amendment offered by the gentleman from Ohio [Mr. BEGG], which swept the House off its feet yesterday afternoon to such an extent that the gentleman from Illinois [Mr. MCKENZIE] and the gentleman from Mississippi [Mr. QUIN], sponsoring this bill, controlling the time and supposed to speak for and reflect the purposes of those who favor the measure, without examining the Begg amendment, and without analyzing its provisions or weighing its effects, impulsively and injudiciously, on the floor of the House, expressed their approval of this "half-baked" amendment that will absolutely emasculate and destroy the very purpose and object which this legislation is intended to promote.

What is the amendment offered by the gentleman from Ohio [Mr. BEGG]? It provides, in substance, that if the Ford Co. fails for "three consecutive years to manufacture annually not less than 40,000 tons of fixed nitrogen for exclusive use as fertilizer, then and in that event" the contract and lease between the Government and the Ford Co. shall be forfeited. In other words, instead of benefiting the farmer and instead of effectuating the purpose of this act, the amendment offered by the gentleman from Ohio does exactly the contrary and is a legislative limitation and a legislative construction of the contract and a legislative declaration to Henry Ford and to his company and to the world that all that the Ford Co. is required to do is to produce 40,000 tons of fixed nitrogen one year out of three, two years out of six, and so on.

Under the bill as it was reported by the committee Mr. Ford is under legal obligation to produce "each year" 40,000 tons of

fertilizer for the farmers. Please observe that the words "continuously" and "annual production" are used in the bill, and by this language the Ford Co. agrees to produce that amount of fertilizer "continuously" and "annually" throughout the lease period, not one year out of three, not two years out of three, and not two years out of six, but "continuously" and "annually," which means uninterruptedly and without intermission or cessation. The Ford Co. is required by the terms of the bill as reported by the committee to produce at least 40,000 tons of fixed nitrogen annually.

But the gentleman from Ohio [Mr. BEGG] comes along and in substance proposes to relieve the Ford Co. of that burden and that obligation, and in effect proposes to write into this bill and contract a legislative declaration that the company will only be compelled to produce this quantity of fertilizer one year out of three.

Mr. BEGG. Will the gentleman yield?

Mr. LOZIER. I will.

Mr. BEGG. In the first place, the gentleman is entirely in error about what the amendment offered by the "gentleman from Ohio" does. It does not strike out anything; it only adds to; and the gentleman is in error, further, when he says that the bill as drawn is positive—

Mr. LOZIER. Does the gentleman wish to ask me a question?

Mr. BEGG. Yes.

Mr. LOZIER. I will answer the gentleman's question, if he has one to propound.

Mr. BEGG. I have one.

Mr. LOZIER. Then propound it.

Mr. BEGG. Suppose Mr. Ford should tear down the building and then take 25 years to build it? What are you going to do?

Mr. LOZIER. The gentleman "speaks an infinite deal of nothing."

Mr. BEGG. No; that is nothing, because that is common practice.

Mr. LOZIER. "His reasons are as two grains of wheat hid in two bushels of chaff." Now, I am going to use the remainder of my time and not yield further unless my time is extended.

Mr. BURTNESS. Will the gentleman yield?

Mr. LOZIER. I will not.

Mr. BURTNESS. I thought the gentleman said a minute ago he would yield to me.

Mr. LOZIER. The gentleman is mistaken. I will not yield now.

Now, take section 14. It provides as follows:

Since the manufacture, sale, and distribution of commercial fertilizers to farmers and other users thereof constitute one of the principal considerations of this offer, the company expressly agrees that, continuously throughout the lease period, except as it may be prevented by reconstruction of the plant itself or by war, strikes, accidents, fires, or other causes beyond its control, it will manufacture nitrogen and other commercial fertilizers, mixed or unmixed, and with or without filler, according to demand, at nitrate plant No. 2 or its equivalent, or at such other plant or plants adjacent or near thereto as it may construct, using the most economic source of power available. The annual production of these fertilizers shall have a nitrogen content of at least 40,000 tons of fixed nitrogen, which is the present annual capacity of nitrate plant No. 2. If during the lease period said nitrate plant No. 2 is destroyed or damaged from any cause, the company agrees to restore such plant within a reasonable time to its former capacity, etc.

Now we turn to section 18. While without regard to any remedies reserved or created by this bill, the law of the land and the principles of equity jurisprudence unquestionably give the Government of the United States the right to enforce the provisions of this contract and to decree a rescission or forfeiture on the failure of the Ford Co. to comply with the terms and conditions of this contract, and to recover the property because of such default. In addition to the remedies available to the Government, as to every other litigant or party to a contract, section 18 of the pending bill provides:

In addition to any other remedies that may be possessed by the United States, and as a further method of procedure in the event of the violation of any of the terms of this proposal or any contracts made in furtherance of its terms, the company agrees that the Attorney General may, upon the request of the Secretary of War, institute proceedings in equity in the district court of the United States for the northern district of Alabama for the purpose of canceling and terminating the lease of Dam No. 2 or Dam No. 3, or both of them, because of such violation or for the purpose of remedying or correcting by

injunction, mandamus, or other process, any act of commission or omission in violation of the terms of this proposal or any contract made in furtherance thereof.

While this language is very specific and comprehensive it does not in reality give the United States Government any additional remedy or new method of procedure by which to enforce compliance with the terms and conditions of this contract. It is merely declaratory of the rights which the Government as a contracting party would have should there be a failure on the part of the Ford Co. to carry out the terms and conditions of this contract; however, by section 18 the Ford Co. concedes to the Government the right and recognizes the power of the Government to institute proceedings in equity for the cancellation and forfeiture of the contract and for the recovery of the leased property should the Ford Co. default and fail to carry out, in good faith, its agreement with the United States. In other words, in the absence of section 18, the Government would have, under the law, the same rights as any litigant who sought the abrogation or rescission of a contract because of the default or abandonment of the contract by the other contracting party.

There is no question as to the right of the Government to have this contract rescinded and to recover the Muscle Shoals property and to recoup its losses in the event the Ford Co. violates the terms and provisions of this bill or fails to carry out the contract and lease made thereunder.

Mr. LA GUARDIA. Will the gentleman yield?

Mr. LOZIER. Yes.

Mr. LA GUARDIA. Does the gentleman believe that an action for the specific performance would lie in the event that Mr. Ford failed to produce fertilizer for a year?

Mr. LOZIER. Undoubtedly under the bill as reported by the committee, but not if the Begg amendment is adopted. Courts of equity and courts of law, since we have had a judicial system in America, have given to litigants complete and effective relief in cases of this character. Courts of equity have exceedingly long arms and can reach out and enforce a literal compliance with the terms and conditions of this act. A court of equity can vitiate and forfeit this contract and restore the property to the Government, in the event of the failure of Mr. Ford and his company to observe and perform in good faith the letter and spirit of this contract. And courts of law can, in effect, accomplish the same result, by assessing damages for breach of contract, subjecting the property to a lien for the payment of such damages, and may decree recovery of chattels or lands, although nothing is said in the pleadings or judgment with reference to a rescission or forfeiture of the contract. Such recovery of possession in an action at law is based on the fact that possession of such property can not be restored to the Government unless there has been a rescission of the contract. This recovery of property in an action at law may be granted where there is a failure of consideration or for substantial violations of contractual obligations, or where there has been an abandonment of the contract by one of the parties thereto.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LOZIER. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

Mr. BURTNESS. Reserving the right to object, will the gentleman answer questions?

Mr. LOZIER. I most certainly will if I am given additional time.

Mr. MCKENZIE. Mr. Chairman, reserving the right to object, and I will not object to this request, I want to say I hope when the gentleman is through we shall proceed with the bill. The debate which is now going on is all out of order and will be in place when we reach that section of the bill. So, when the gentleman is through, I will object to the extension of time for others and demand the regular order.

Mr. MADDEN. Mr. Chairman, reserving the right to object, I wish to make a statement in connection with the gentleman's request. We have a large number of appropriation bills pending, one a deficiency bill carrying \$157,000,000, or something like that. Nearly every dollar in the bill is urgently needed by people whose claims have been filed and approved, and every day we postpone the consideration of that bill it is costing the country a lot of money for interest, so I hope this bill will be disposed of to-day in order that we may proceed with the appropriation bills. [Applause.]

Mr. LA GUARDIA. Reserving the right to object, I want to say that this bill is on the floor of the House by reason of a special rule; and if the deficiency bill was so important, and if delay in considering that bill is costing the Government

money, it should have been here instead of this bill. But this bill being before the House, it must be discussed in full.

Mr. BEGG. Mr. Chairman, I want to reserve the right to object in order to make one statement. Several men who are competent lawyers have worked with me on the amendment which seems to have created such a turmoil, and I believe that all of this trouble could be obviated and eliminated if there would be any way by which I could get an opportunity to get the amendment before the committee.

Mr. BUTLER. Mr. Chairman, I would like to ask the Chair to what part of this bill these remarks are directed? I have been hunting through it, but can not find it. [Cries of "Regular order!"]

The CHAIRMAN. The regular order is demanded. The gentleman from Missouri [Mr. LOZIER] asks unanimous consent to proceed for five additional minutes. Is there objection?

There was no objection.

Mr. BURTNESS. Now, will the gentleman yield?

Mr. LOZIER. Yes; I will yield for a question.

Mr. BURTNESS. I am asking this for information: Assuming there was a breach of the contract after it is entered into, under the bill as originally drawn, a breach in the failure to manufacture fertilizer, then just what would be the remedy which the Government would seek and what would be the measure of damages, if any, that either a court of law or a court of equity would give to the Government?

Mr. LOZIER. I will be very glad to answer the gentleman. The Government has two or more remedies. One is an action at law for breach of the contract and for damages and to recover the leased property because of an abandonment of the contract or because of failure of consideration. The other is an action in equity, having for its object and purpose an abrogation, rescission, or forfeiture of the contract because of the failure of the Ford Co. to comply with its terms. Or the Government would have a right to ask the court for a mandatory order compelling compliance with the terms of this contract, or to enforce specific performance of contract, in default of which the contract and all rights thereunder would be forfeited and the leased property restored to the Government.

Mr. BURTNESS. In either case would there be a reverter to the Government of the property conveyed to the company?

Mr. LOZIER. Undoubtedly, just the same as under any other contract, the consideration for which has not passed or the conditions and terms of which have not been performed. The Government would have the same right to recapture its property just like a landlord could recover possession of his property on failure of the tenant to pay rent, and just like a vendor of land can recover the land if the vendee fails and refuses to pay the consideration or otherwise abandons the contract of sale.

Mr. KEARNS and Mr. BOYCE rose.

Mr. LOZIER. I promised to yield to the gentleman from Delaware.

Mr. BOYCE. The gentleman has already called attention to section 14 and to section 18 of the bill, and stated the specific terms of those sections as applying to this proposed contract.

Mr. LOZIER. Yes, sir.

Mr. BOYCE. I would ask what effect, in the judgment of the gentleman, has section 23 in connection with the proposed contract and its enforcement in law and equity?

Mr. LOZIER. Section 23 is a recognition by the Ford Co. of the rights which the Government, as one of the contracting parties, would have if that section had not been inserted. Every obligation imposed by this bill on Henry Ford is binding on his heirs, representatives, and assigns, and on the company to be incorporated by him to take over this property, and in like manner binding upon the successors and assigns of said company.

Mr. BOYCE. Just another word; would not the proposed amendment of the gentleman from Ohio [Mr. BEGG] tend to weaken the purpose and intent of these sections?

Mr. LOZIER. Undoubtedly. The amendment of the gentleman from Ohio [Mr. BEGG] limits, circumscribes, and emasculates the provisions of section 14, because we would by the adoption of the BEGG amendment in effect and by a legislative act construe that section as not meaning continuously, nor annually, but one year in three, two years in six, three years in nine, and so forth.

The Congress of the United States by the adoption of that amendment would solemnly declare that continuously does not mean continuously; that it does not mean without cessation; that it does not mean without intermission; that it does not mean without interruption; that it does not mean every year.

But this House by the adoption of that amendment would declare by a solemn legislative act that the Ford Co. may skip one or two years in three without furnishing the 40,000 tons of fertilizer annually, provided the required amount was furnished the third year. In other words, the amendment avoids a forfeiture just so long as the Ford Co. does not "fail for three consecutive years" to furnish the required 40,000 tons of fertilizer annually.

This amendment amounts to a solemn legislative declaration and legislative construction of the contract and will permit the Ford Co. to skip two years in three, four years in six, six years in nine, and so forth. And the plain meaning of the term "continuously" is destroyed as well as the real purpose of this act.

Mr. SPROUL of Kansas. Will the gentleman yield?

Mr. LOZIER. If I have any time left, I will be glad to yield.

Mr. SPROUL of Kansas. I wish to ask if it is not necessary before a forfeiture can be declared by a court of equity that the contract contain conditions of forfeiture?

Mr. LOZIER. Yes, sir; and no. It must contain conditions the violation of which furnishes grounds on which a forfeiture can be decreed.

Mr. SPROUL of Kansas. And whether forfeitures are not confined and limited to courts of equity exclusively?

Mr. LOZIER. Not necessarily. That may be the rule in some but not all jurisdictions. As I have stated, in actions at law where there has been a failure of consideration, courts of law may ascertain damages for breach or abandonment of a contract, impress property with a lien, and decree its return for failure of consideration or the other causes mentioned; although nothing may be said in the pleadings and judgment about a rescission or forfeiture of the contract, courts of law nevertheless in effect do cancel contracts.

Mr. SPROUL of Kansas. Never; the gentleman is wrong.

Mr. LOZIER. I do not accept your construction of the law, nor do the authorities sustain your position.

Mr. SPROUL of Kansas. Suppose an action for damages were begun. Who would be the parties in interest?

Mr. LOZIER. The Government of the United States and Henry Ford and—

Mr. SPROUL of Kansas. Would it not be the farmers who had been denied this fertilizer? Would it not be the farmers, and no one else but the farmers?

Mr. LOZIER. This is a contract made between the Government of the United States and Henry Ford and his company for the use and benefit of the Government, and incidentally for the use and benefit of the agricultural classes, and it is enforceable like any other contract made by the Government of the United States. But the action to enforce its provisions or to decree its forfeiture must be brought in the name of the United States. It is fundamental that where two parties make a contract for the use and benefit of a third party, such third party can not sue for breach of the contract, because privity of contract is necessary to any action founded on a breach of contract. The action must be brought by one of the parties to the contract.

The CHAIRMAN. The time of the gentleman has expired. The pro forma amendment is withdrawn, and the Clerk will read.

The Clerk read as follows:

SEC. 2. The company shall complete for the United States, subject to the approval of the Chief of Engineers, United States Army, Dam No. 2, its locks, power house, and all necessary equipment, all in accordance with the plans and specifications prepared, or to be prepared, or approved by the Chief of Engineers, United States Army, and progressively install the hydroelectric equipment in said power house adequate for generating approximately 600,000 horsepower, all the work aforesaid to be performed as speedily as possible at actual cost and without profit to the company. It is understood that the necessary lands and flowage rights, including lands for railway and terminal connections, have been or will be acquired by the United States.

Mr. BLANTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas [Mr. BLANTON] offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered my Mr. BLANTON: Page 2, line 10, after the word "States" insert the following: At a cost to the United States not to exceed \$28,000,000 additional to the amount already expended when the contract becomes finally executed, and costs of completion, additional to such \$28,000,000, if any, are to be paid by said company.

Mr. HILL of Maryland. Mr. Chairman, there was so much disorder, I ask unanimous consent that the amendment be again reported and that it not be taken out of the gentleman's time.

The amendment was again reported.

Mr. BLANTON. Mr. Chairman and gentlemen, there is not a man in this House who is more anxious than I am to see Henry Ford develop and operate this plant. But Henry Ford has specially prepared this contract through skillful lawyers. His interests have been particularly represented and protected in this contract that we are now considering, and the 110,000,000 people of the United States are looking to Congress—to you and to me—as their attorneys and agents to see that their interests are properly represented, safeguarded, and protected when this contract is closed in their behalf. We are the people's only attorneys and agents, and if a bad contract is made on the part of the people of the United States it will be because of our action taken here in the House of Representatives in not properly framing this bill, for if passed without amendment it will surely become a contract.

I have asked members of the committee to tell me what it is going to cost the United States to complete this Dam No. 2. I have tried in every possible way to get definite information. I went to the gentleman from Illinois [Mr. MADDEN], who seems to be one of the best-posted men on the proposition, and he states it will cost \$28,000,000. I am willing to take the estimate of the gentleman from Illinois [Mr. MADDEN], who is chairman of the Committee on Appropriations. I am willing for the Government to spend \$28,000,000 more to get the plant in operation, but I do not want to pass a measure which may result in causing the Government to spend \$100,000,000 more. I am one of those who helped pass laws hurriedly during the war Congress when cantonnments and other Government projects, upon demand of the War Department, were built on the outrageous 10 per cent cost-plus contracts, and thereafter I witnessed millions of dollars of the people's money wasted by contractors who ought to have been put in the penitentiary, and I made up my mind then that I would never vote, as long as I was in Congress, for another contract of that kind. [Applause.]

I want to say to my friends on both sides of the aisle, you place in this contract no limitation whatever upon Henry Ford as to the amount he is to expend for you on Dam No. 2. You give him the blue sky as the limit. You merely say he shall make no profit out of it, and that is all you provide. You merely say he and his company are to make no profit out of it, but you say he shall rebuild it for the people at our expense, but you place no limit whatever upon the kind of contracts he and his company are to make with the contractors who do the work in completing the dam or how much they shall be paid for themselves and their laborers who will do the work.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BLANTON. In just a moment. I want to use my time and I do not want to ask for any more extra time.

Mr. LAGUARDIA. I just wanted to give the gentleman the accurate figures.

Mr. BLANTON. If I had the time I would gladly yield. I want to see that even Henry Ford is limited in the expense, and if you do not limit him, as much as I want to see him operate this plant, I am going to vote against it. [Applause.] Why, over here on page 3, see what you are turning over to him and what you are obligating the Government to do for 100 years. Let me read it to you. This concerns Dam No. 2, and not the dam merely but the gates and locks, as well—

it being understood that all necessary repairs, maintenance, and operation thereof shall be under the direction, care, and responsibility of the United States during the said 100-year-lease period.

You colleagues who are lawyers know just what that language means, that this Government, in addition to the half a hundred million dollars already wasted on this project, is to spend from \$28,000,000 to \$40,000,000 more in completing it, and then for 100 years binds itself to keep this dam, locks, and gates in repair, and to maintain and operate them at Government expense.

That is what you are doing. You are saying that this Government shall repair, shall maintain, and shall operate this Dam No. 2, its locks and gates, for 100 years at the expense of the Public Treasury. And that could cost \$100,000,000 more.

Mr. HUDSPETH. Will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. HUDSPETH. If the dam washes away is it the duty of the Government of the United States to replace it?

Mr. BLANTON. That is just what I was going to discuss. My colleague from Texas, who was a former distinguished

senator of Texas, who served his State ably and faithfully, knows that the big dam on the Colorado River, at Austin, the capital of Texas, washed out twice and almost bankrupted the good people there.

Mr. HUDSPETH. And it cost \$5,000,000 to replace it.

Mr. BLANTON. This dam might wash out once, twice, or thrice in the next 100 years, and could cost the Government of the United States \$50,000,000 each time to replace it. I am not going to overlook this feature of the contract from the practical standpoint of the people of this country. I am going to watch it, and if you do not amend the bill so as to require the Ford company to repair, maintain, and operate same I am going to be compelled to vote against the bill, although I would regret exceedingly to do it.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BYRNS of Tennessee. Mr. Chairman, I ask unanimous consent that the gentleman may have three minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BURTNESS. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. BURTNESS. I want to see if the gentleman's construction of section 2 is the same as mine. Under section 2 Mr. Ford or his company simply lets out the contract and then comes in and says that was the cost.

Mr. BLANTON. Yes; he could let out every different part of the structure at 10 per cent plus or even 20 per cent plus contracts, because neither he nor his company would be making a dollar profit, and would come within the terms of the bill, but the contractors actually doing the work for him could make millions, and the Government would have to pay it.

Mr. BURTNESS. He could let out 100 contracts.

Mr. BLANTON. Yes; without limitation or restriction, for all he contracts to do is not to make a profit on such construction for himself or his company; he does not say in this bill that there shall be no profit to the laborers and contractors who actually perform the construction work for him.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. BLANTON. I will.

Mr. BYRNS of Tennessee. Regarding the gentleman's amendment limiting the cost, does not the gentleman think that is a different proposition than the statement he made about other matters. As I understand it, the work is to be done by Ford under the supervision of the United States, and I am sure the gentleman will agree with me that Mr. Ford can do the work cheaper than the United States.

Mr. BLANTON. He could, but would he?

Mr. BYRNS of Tennessee. Why would he not? Because he is to pay 4 per cent on the money actually expended for 100 years.

Mr. BLANTON. I want to state to my friend from Tennessee, who is usually careful in expenditures, that these same Army engineers overlooked and superintended the same 10 per cent plus contracts that were made for the building of the cantonnments during the war, where millions of dollars of the people's money was wasted. What do they know or care about economy? Why, from the day they first start in the Government school at West Point and are then put on the pay roll until they become generals in the Army money comes freely and easily to them and they learn to spend Government money freely.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. CLARKE of New York. Is there any guaranty in the bill that Mr. Ford will continue to live until the dam is completed?

Mr. BLANTON. Why, no; he may die the next day after it is started. There will be 100 years for this contract to run, and there will be many other men in our places during this hundred years called upon to appropriate the huge sums of money necessary under this contract to repair, maintain, and operate this dam, locks, and gates, who will stand on the floor and damn us because of the contract we made unless we safeguard the people's rights. I ask my friend from Mississippi, I ask my friends from Alabama, to pause here and scrutinize this contract closely from a lawyer's standpoint and see if the Government's rights are properly protected and safeguarded in this proposition. I ask both sides to do that before we vote finally on the bill. This is the only time and opportunity we will have to correct the evils in it.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. McKENZIE. Mr. Chairman, I shall not take the time to reply to the argument of the gentleman from Texas on his amendment. In my own judgment the bill protects the interests of the taxpayers of this country when it says that this shall not be a cost-plus contract but shall be built by the man who is going to use it and who is going to pay 4 per cent interest on the cost of it for the period of 100 years. He is to build it under the plans and specifications and under the supervision of the Board of Engineers of the United States Army. In my judgment no stronger protection can be given to the people of this country in the matter of expenditure than to say that the man who is expending the money shall pay 4 per cent on the amount of that expenditure for 100 years.

In my humble judgment the gentleman from Texas is undoubtedly sincere, but he made the statement to the House in which he said that "unless I can have this thing put into the bill to suit me I shall vote against the bill and fight against the bill."

Mr. BUTLER. Will the gentleman yield for a question?

Mr. McKENZIE. Let me call to your attention that the only reason the provision is in the bill is to keep down the overhead expenses of fertilizer which is to be sold to the farmers; another thing, to let you gentlemen know how little information my friend from Texas had about the matter when he said that Ford's attorney helped to draw up the proposition.

Mr. Ford had no attorneys here. This proposition was worked out in the office of the Judge Advocate General of the United States in company with the Secretary of War, Mr. John W. Weeks, both of whom have the interests of the United States at heart.

Mr. BEGG. Mr. Chairman, will the gentleman yield?

Mr. McKENZIE. Yes.

Mr. BEGG. As a safeguard against the gentleman's suggestion of the possibility in subletting the building of this, the higher the actual cost to the Government the more rent Mr. Ford has to pay, because he pays 4 per cent upon the cost.

Mr. McKENZIE. Absolutely.

Mr. BEGG. Therefore he is interested as much as we in getting it built cheaply.

Mr. McKENZIE. Yes.

Mr. BUTLER. Mr. Chairman, will the gentleman yield?

Mr. McKENZIE. Yes.

Mr. BUTLER. I am one of the Members of the House who doubts what is the right thing to do. I am willing to accept the gentleman's statement, which will be made, I am sure, in all sincerity. How much will this improvement cost? Did the gentleman have an estimate, and is there any real reason why we should not put a limitation upon it? I have come to a period in my official life when I believe in putting the strings on, if they are strong enough to hold.

Mr. McKENZIE. What stronger limitation could you put on than to require a man to pay 4 per cent interest upon it for a hundred years?

Mr. BUTLER. That will increase the cost of the fertilizer.

Mr. McKENZIE. No.

Mr. BURNES. Mr. Chairman, will the gentleman yield?

Mr. McKENZIE. Yes.

Mr. BURNES. I was wondering whether it is contemplated that this company which Mr. Ford is going to form is going to be a construction company, and that that company itself will build this dam.

Mr. McKENZIE. No.

Mr. BURNES. That not being the case, this company which Mr. Ford is going to form will of necessity have to let the proper kind of contracts to other concerns; and is there anything by which you can be assured that the profits of those other concerns will not be unduly large?

Mr. McKENZIE. Of course the gentleman and I will agree that the man who is going to pay for the job in the end and to pay interest on the investment will naturally be interested in the amount of the cost, which is the best safeguard, in my judgment, that we could put around it. I want to say that the committee has not, in my judgment, tried to bring in a bill for Mr. Ford, but to bring in a bill in the interest of the people of the country. If it be necessary that every man must amend the bill so as to suit himself or he will not vote upon it, you may as well quit now and proceed to vote. I ask for a vote on this amendment.

Mr. HILL of Maryland. Mr. Chairman, I rise to support the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

Mr. HILL of Maryland. But I ask recognition in favor of the amendment, as a member of the committee.

Mr. McSWAIN. The gentleman has no right to be heard. Under the rule only one can be heard in support of an amendment and one in opposition thereto.

Mr. HILL of Maryland. Then, Mr. Chairman, I move to strike out the last word of the amendment.

The CHAIRMAN. The gentleman from Maryland is recognized.

Mr. HILL of Maryland. Mr. Chairman and gentlemen of the committee, I want to say that the gentleman from Texas [Mr. BLANTON] is very alert to the rights of the American people, and I am for his amendment. I intend to vote for it because I have the same point of view on the limitation of cost to the United States on Dam No. 2. I am not interested in Mr. Ford or anybody who has or will make offers for Muscle Shoals, but I am interested in "fertilizer in time of peace and nitrates in time of war." If the amendment of the gentleman from Texas does not prevail, then I propose, in the interest of limitation of cost of the dams, to offer the following amendment suggested by the gentleman from Texas, on page 2, line 19, after the words "to be performed as speedily as possible at actual cost and without profit to the company," to insert the words "or any other person or corporation."

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. HILL of Maryland. Yes.

Mr. LAGUARDIA. Does not the statement made by the gentleman from Illinois [Mr. McKENZIE] bear out the fact that the purchasers of fertilizer will pay in the overhead cost of production the entire cost of this plant and 8 per cent profit besides?

Mr. HILL of Maryland. I say to the gentleman that it does. This contract which we are considering, and which is so sacred that we can not even suggest amendments to it according to the gentlemen who favor it, provides that the Ford company may make a maximum profit of 8 per cent on fertilizer.

Mr. LAGUARDIA. And not on their capitalization, but on the turnover?

Mr. HILL of Maryland. Absolutely; and there is nothing in this bill to prevent the Ford company from capitalizing those portions of the expenditure of the United States which they have not paid back and do not have to pay back.

Mr. LAGUARDIA. And according to the gentleman from Illinois [Mr. McKENZIE], who is the sponsor of this bill, the 4 per cent sinking fund which the Ford company will contribute each year will be included in the price of fertilizer?

Mr. HILL of Maryland. Absolutely; and I hope the House will vote for the amendment of the gentleman from Texas. I withdraw the pro forma amendment.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn, and the question is on the amendment of the gentleman from Texas [Mr. BLANTON].

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 34, noes 60.

So the amendment was rejected.

Mr. HILL of Maryland. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HILL of Maryland: Page 2, line 19, after the word "company" strike out the period and insert a comma and the language "or any other person or corporation."

Mr. HILL of Maryland. Mr. Chairman, I shall not enter into any protracted discussion of this amendment. We are told by the proponents of this bill that Mr. Ford and his associates are actuated purely by the altruistic motives of furnishing fertilizer to the farmers of the United States. This section 2 of the McKENZIE bill assumes that there will be no profit under the Ford offer to anybody in the completion of the dams. The language provides that there shall be no profit to the Ford company, but does not provide that there shall be no profit to some subcontractor. I ask that the amendment which I have offered be adopted in order that there shall be no profit to anybody, and that the United States shall pay only the actual cost of building the dam.

In this debate the Alabama Power Co., the Tennessee Electric Power Co., and the Memphis Power & Light Co. have been attacked as being capitalistic and monopolistic, while Mr. Ford, his heirs (Edsel Ford) and assigns, have been lauded as patriotic philanthropists. I know nothing of any of them, except from the hearings in this case, but here is a chance to make sure there will be no profit in the building of the dams. If the Ford offer is based solely on patriotic fertilizer philanthropy, adopt my amendment.

A few years ago the Secretary of War, Mr. Baker, considered the Alabama Power Co. "generous and public spirited."

To-day it is attacked as a greedy corporation by some of those who have advocated the Ford offer. I wonder how Ford will be regarded five years from now if you accept his offer with a possible 8 per cent profit on fertilizer alone?

I believe in a square deal for all parties who make offers for Muscle Shoals, and I call your attention to the following extracts from the hearings before the Military Affairs Committee Friday, February 24, 1922, at page 669 of the hearings during the Sixty-seventh Congress, and especially to the letter of Secretary Baker, which was read at my request, although introduced by some one else, and I had never heard of it before. In the interest of farmers note the following:

Mr. KEARNS. Then, if Congress should authorize the Secretary of War to accept the Ford offer, then it would be transferring to Ford a part of your property for which the Government never had any kind of a contract.

Mr. MARTIN. That is correct, Mr. Kearns. We did convey to the Government, in fee simple, several years ago, the site at which the Wilson Dam is being erected. We also owned that and we conveyed that to the Government in 1918 for \$1.

Mr. KEARNS. But that does not include these other properties?

Mr. MARTIN. No, sir; that land which constituted the abutment sites of Dam No. 2, the Wilson Dam, we had expended upward of \$500,000 on its development, and at the inception of the war we were asked to hasten the whole program, and we conveyed that title to the Government for \$1.

Mr. KEARNS. Was there a provision in the contract or in this conveyance whereby the Government was to return it to you?

Mr. MARTIN. No, sir; we practically donated it to the Government.

Mr. KEARNS. You donated \$500,000 worth of property to the Government for \$1?

Mr. MARTIN. Yes, sir. I have in my hands the letter, if you care to know about it, to the Government officers tendering it, giving our reasons for it, and the answer of the Secretary of War acknowledging it with thanks and appreciation; if you would like to hear it, I would be glad to read it.

Mr. KEARNS. You can put that in the record.

Mr. HILL. May he not read that, Mr. Chairman? I would like very much to hear it.

The CHAIRMAN. Is it very long, Mr. Martin?

Mr. MARTIN. No, sir.

The CHAIRMAN. Then you might read both the letter transmitting the offer and also the letter accepting it.

Mr. MARTIN. I am reading from a letter dated February 18, 1918:

ALABAMA POWER CO.,
Birmingham, Ala., February 18, 1918.

Col. C. KELLER,

Corps of Engineers,

Office of the Chief of Engineers,

United States Army, Washington, D. C.

SIR: Following the several interviews which I have had with you recently on the subject of the desire of the Government to acquire from the Muscle Shoals Hydroelectric Power Co. the dam site and certain other properties at Muscle Shoals, I have conferred fully not only with the directors of that company but also with the representatives of the security holders of the Alabama Traction, Light & Power Co. (Ltd.). As I believe I explained to you, the last-mentioned company is interested by reason of its stock holdings in Alabama Power Co., which latter company owns the stock of the Muscle Shoals Hydroelectric Power Co.

The properties in question represent a very heavy investment by our company, and have occupied an important position in our plans for securing power for the future. For several years we have worked on plans for ultimately developing these water powers as an integral part of the hydroelectric system which will be required by our companies to meet the needs of the communities which they serve. Much of this work was done by us in collaboration with the Army engineers, looking toward a development in cooperation with the Government on some such plan as was favorably reported on by the Army engineers in House Document No. 1262, Sixty-fourth Congress, first session.

I am advising very briefly to these features, as I judge from the several interviews which I have had with you and with other representatives of the Government that you are fully aware of what the company has done in preparation for the ultimate development of this water power, and I believe you appreciate that it should receive consideration in the disposition of any surplus power not required for the needs of the Government.

From our recent interviews it is obvious that our respective views as to the value of our property and the price which you would agree to pay are quite irreconcilable. As directors of a large public-service corporation, we have always believed that in addition to the development of our water powers at Muscle Shoals being a very valuable and necessary complement to our system

throughout the State, the large industrial community which would grow up at Muscle Shoals would add a special value to that power plant. In times like these, however, such considerations must be secondary to the urgent needs of the Nation to secure these properties immediately for the carrying out of the Government project for the production of war nitrates, and we have accordingly determined to donate our lands to the Government for this purpose. I have already given instructions to the company's attorneys for the preparation of the necessary deeds of conveyance.

It is our understanding from you that the Government only desires to acquire the site at Dam No. 2 and adjacent properties, with flowage easement on such of our other properties as may be affected by this development.

I need hardly assure you of the desire of the company to cooperate with the War Department to the fullest extent in placing at your disposition the benefit of all our engineering studies and records relating to the projected development.

I trust that this disposition of the matter meets with your views.
Yours very truly,

JAMES MITCHELL, President.

Then, on the 20th of February, 1918, a letter from the Secretary of War:

WAR DEPARTMENT,
Washington, February 20, 1918.

Mr. JAMES MITCHELL,

President Alabama Power Co., Birmingham, Ala.

DEAR SIR: Referring to your letter of the 18th instant, addressed to Colonel Keller, in which you express the willingness of your company to donate to the United States certain properties and flowage easements needed for the proposed Federal power development at Muscle Shoals, I beg to acknowledge with thanks the company's generous and public-spirited action.

The further steps necessary in regard to the matter will be given immediate attention.

Very truly yours,

NEWTON D. BAKER,
Secretary of War.

Then, I have in my hand a photograph of the check which we received from the United States in the sum of \$1 in payment for these lands.

Mr. KEARNS. And that was land connected with Dam No. 2?

Mr. MARTIN. Dam No. 2, the Wilson Dam.

Mr. KEARNS. Which had cost your company \$500,000?

Mr. MARTIN. Yes, sir; slightly less than \$500,000 we had expended in connection with that development.

I never saw Mr. Martin before he came before our committee. I have never seen him except in relation to hearings on Muscle Shoals. I do not know whether he claims to be a philanthropist or not, but here are the thanks of Secretary Baker to his company. This is a pure business proposition, gentlemen. If you really want to take the profit out of the building of the dams, adopt my proposed amendment. If Mr. Ford is really a philanthropist, his advocates here will vote for it. [Applause.]

Mr. McDUFFIE. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman and gentlemen of the committee, of course it is impossible to discuss this question at length in five minutes. I dislike to impose upon the time of the committee, but being unable to get time under the general debate on the bill, I feel I can not let an opportunity pass without adding my enthusiastic indorsement to the action of the majority of the members of the Committee on Military Affairs in presenting this bill in its present form to the House. For two years the Congress and this great Committee on Military Affairs have been considering the Ford offer and during those two years, despite the interest and opposition shown to the Ford offer by practically all the hydroelectric power companies of the country, no better offer has been made. Indeed, no offer has been made that can compare favorably with the Ford offer, having in view the carrying out of the policy of the Government as expressed in the act of Congress in 1916.

The Committee on Military Affairs of this House, which has always been a nonpartisan committee and which must necessarily be nonpartisan as to matters pertaining to our national defense, has studied this problem from alpha to omega and has carefully considered every offer submitted. That committee has faithfully safeguarded the interests of the Government at every turn under the provisions of this bill, and a very large majority of its members have presented the bill here for our consideration. In doing this they have responded to an urgent demand of a vast majority of the people of this country for immediate action by Congress as to the disposition of Muscle Shoals. There is no question in my mind but that a very substantial majority of the people demand that this Congress accept the offer of Mr. Ford. And yet gentle-

men are here presenting amendment after amendment to the bill containing the Ford offer, or a proposal to accept that offer, for this great water-power project. I agree with the chairman of the committee, if we must adopt amendments to the Ford proposal in order to meet the views of every man, especially those of men who have not studied this proposition, why we may as well say so and stop this proceeding.

Mr. DAVIS of Tennessee. Will the gentleman yield?

Mr. McDUFFIE. I will.

Mr. DAVIS of Tennessee. And the amendments are offered by men who will not support the bill even if their amendments are accepted.

Mr. McDUFFIE. I would not say that applies to all who wish to amend the bill. Of course, there are those who wish to defeat the Ford offer in any way possible.

Mr. HILL of Maryland. Will the gentleman yield?

Mr. McDUFFIE. Not now; I do not wish to be discourteous. I think there are gentlemen on this floor who are perfectly sincere in feeling that probably additional safeguards should be put in this bill in order to properly protect the rights of the people and the Government in the years to come. I can but believe, however, if they will carefully study all the provisions of the bill they will agree that it needs no amendment in that regard. For myself, I believe those gentlemen who have made it their business to study this Ford offer know more about it than anyone else who has not given to it a great deal of study and attention. Therefore I think we should accept the bill as it is written and pass it without amendment. Personally I can but believe that those who are really for the Ford offer will prefer to see it passed without any change whatsoever.

Mr. WURZBACH. Will the gentleman yield?

Mr. McDUFFIE. I regret I can not now, as I wish to make some further remarks and my time is very limited. I hope the gentleman will excuse me.

Now, gentlemen, I submit that no one can view this question as a sectional or partisan problem, but every man here must realize that it is a matter of a great national policy. I confess I was surprised and disappointed that the distinguished gentleman from Indiana [Mr. Wood], for whose industry and intellect I have always had the greatest respect, should stand here and say, if Muscle Shoals were in some other section of the country, we who happen to have a local interest in it, would not vote for it.

I do not believe the gentleman from Indiana speaks the sentiment of a dozen Members on this floor. I am exceedingly glad that the membership of this House have not come to the point where they will refuse to approve any legislation that does not bring some peculiar benefit to their respective districts or sections of the country. Let me remind you, gentlemen, that often, and time after time, we have heartily supported your great irrigation and reclamation projects of the West. Time after time we have stood, and will continue to stand, shoulder to shoulder with you who have advocated great national projects carrying out our national policy of conservation and development. I need not tell you again that to-day we are dealing with a national problem, and not a local one. This bill involves a question of national defense and the carrying out of the policy of the Government as set forth in an act of Congress in 1916, when the first dollar was spent at Muscle Shoals. We are not dealing with an ordinary water-power site, such as would ordinarily be subjected to the provisions of the Federal water power act. In my opinion the Congress has a different policy specifically as to Muscle Shoals; at least, it has not been the intention that the power site at Muscle Shoals should come under the jurisdiction of the Federal Power Commission. This bill contains a proposal to accept the only offer or proposal ever made to the Government that in any appreciable manner meets the fixed policy of the Government in dealing with this national project.

There is no reason for us to be swept away from the issue by the cry that is raised against a vast expenditure of public money by Henry Ford in the completion of Dam No. 2 and the construction of Dam No. 3. What better safeguard could be provided against the useless expenditure of this money than to provide, as the bill does, that he pay 4 per cent interest on the money required for this work? Do you believe he will make the expenditures as large as possible just for the privilege of paying 4 per cent interest on it for 100 years?

This is not a proposition to make money, though we like to be assured that the Government will be reimbursed. Under the offer of Mr. Ford, I am informed the Government will receive annually approximately \$300,000 more than it would receive under any other offer, including the last and best offer of the power companies. We built the Alaskan railroad at public expense of many millions and it has not be-

gun to pay any interest on the money. I supported an appropriation for it because a great national policy was involved. The same may be said of the Panama Canal, though it has begun to show returns. How much money have we expected or received for our investment in irrigation and reclamation projects? Yet in this Ford offer it seems assured that the Government will have returned to its Treasury every dollar to be expended with interest at 4 per cent. I submit it is not such a bad business deal after all.

There are only two courses open for us to follow. The one is Government ownership and operation and the other is to sell or lease to some private enterprise that will carry out the national policies involved. I can not believe this Congress is quite ready for Government operation. It has been suggested by a very few in the course of this debate. We all know that our Uncle Sam is a very poor business man. Therefore we should lease or sell, and we should make the best bargain possible. This bill represents the best we can do.

I am sure the gentleman from Texas [Mr. BLANTON] is thoroughly earnest and sincere in his contentions, but let me beg you gentlemen, if you really wish to settle this problem for the American people, not to urge these amendments that will destroy this bill and defeat the very purpose of this legislation which evidently a majority of the American people are demanding. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. McDUFFIE. I desire to revise and extend my remarks if permission has not already been granted.

The CHAIRMAN. The gentleman has that permission.

Mr. KEARNS. Mr. Chairman, I move to strike out the last word. Mr. Chairman and members of the committee, I am one of the Members of those who are opposed to the Ford offer for Muscle Shoals ever since I have studied it and listened to the testimony two years ago. I am opposed to this bill because I believe it is open to legitimate criticism in a great number of places. I am opposed to it because I do not believe that its terms grant the thing that the proponents of this bill claim that it will give to the people of this country. As to the fertilizer clause contained in this offer I am of the opinion that it does not compel Mr. Ford at all times and under all circumstances to furnish fertilizers to the farmers of this country. And let me say to you without this bait we are holding out to the farmers of the United States that there would not be a handful of the membership of this House who would vote for this bill. Therefore the gentleman from Ohio [Mr. BEGG] recognized the truthfulness of the statement I am making, and has already offered an amendment to this bill that will make it compulsory upon the part of Mr. Ford to make 40,000 tons of nitrate per annum or in the event that he fails for two years to do this to reconvey the property that he has gotten for nothing from the United States back to the Government. Now you say he is going to do this. Then why object to this amendment. If you say that the terms of the bill, which are rather crude, are intended to do this, why object to the amendment he now offers that would make it compulsory upon his part beyond peradventure of a doubt to furnish this, because that is what every farmer of the country—

Mr. BANKHEAD. Will the gentleman yield?

Mr. KEARNS. For a brief question.

Mr. BANKHEAD. The gentleman is a member of the Committee on Military Affairs?

Mr. KEARNS. No; I used to be but I am not now.

Mr. BANKHEAD. Did the gentleman offer this amendment in committee when the matter was up before the committee?

Mr. KEARNS. I did not offer it because I could not get such an amendment accepted by the committee at that time.

Mr. BANKHEAD. Did the gentleman—

Mr. KEARNS. I have answered the gentleman's question and I desire to be entirely courteous to the gentleman, and I assert this was discussed in the committee two years ago, and the only reason it was not written in the provisions of this bill was because it was thought if it was tied up too much Mr. Ford would not accept—

Mr. HUDSPETH. Will the gentleman yield?

Mr. KEARNS. I will.

Mr. HUDSPETH. The gentleman has made a study of the bill which I have not had the opportunity. I want to ask my friend from Ohio with section 14 of this bill as it is written will it not compel Mr. Ford or his company to manufacture 40,000 tons of nitrate every year instead of one year out of three?

Mr. KEARNS. I thank my good friend from Texas for asking me that question, and I shall be glad indeed to give him the benefit of my opinion, if it is worth anything. I am going to read:

The company expressly agrees that, continuously throughout the lease period, except as it may be prevented by reconstruction of the

plant itself, or by war, strikes, accidents, fires, or other causes beyond its control, it will manufacture nitrogen and other commercial fertilizers, mixed or unmixed, and with or without filler, according to demand.

Now, he is allowed to charge 8 per cent on the investment. Will the gentleman from Texas listen to this: Suppose the 8 per cent that he is allowed to charge should make the cost of manufacturing this fertilizer there so expensive that the farmers can not buy it? Therefore there is no demand.

Mr. HUDSPETH. Then there will be no necessity for manufacturing 40,000 tons, if there is no demand.

Mr. KEARNS. Yes. Make him manufacture 40,000 tons year after year, and he will be compelled to sell it, regardless of cost and at a price that will enable the farmers to buy it.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HUDSPETH. Mr. Chairman, I ask that my friend from Ohio may have two minutes more.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that the gentleman from Ohio may have two minutes more. Is there objection?

Mr. GARRETT of Texas. Mr. Chairman, we can never get through this bill section by section if under section 2 we can discuss section 14. I am not going to object to my friend from Ohio getting two minutes' more time, but hereafter when gentlemen want to discuss the fertilizer section they should wait until we get to that. We shall never get through if gentlemen can discuss section 14 under section 2.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. KEARNS. If my fears should prove to be true, then if you will adopt the Begg amendment, regardless of whether there is a demand or not, Mr. Ford must make this fertilizer, 40,000 tons of nitrate each year, and must sell it at a price at which the farmers will demand it; consequently you will get cheap fertilizer. If he is going to make it anyhow, this amendment can do no harm. I advocate that because I want to see the farmers get what they are told they will get. There is much said here about those opposing this bill and—

Mr. HUDSPETH. It permits him to lie idle two years out of three in the manufacture of fertilizer under the Begg amendment. That is the harm I anticipate will follow the adoption of the Begg amendment.

Mr. KEARNS. If the Begg amendment is open to that objection it ought to be cured.

There has been much talk here, I say, to the effect that the membership of this House that is opposed to the Ford offer for Muscle Shoals was linked up with some combine or with Wall Street. I want to say to the gentleman from Alabama that I never knew but one man who was interested in the water-power business in all my life, and that is his own neighbor, Mr. MARTIN, the only man I ever saw who was interested in it. I do not know of one man who is interested in the manufacture of fertilizer, either as an employee or as a manufacturer. I do not know any of these men. I am opposed to this bill because I want to do for the farmer the thing you claim this bill will do. I want to ask the gentleman from Mississippi [Mr. QUIN], who yesterday made the statement that if Mr. Ford got this great water power down there he was going to send out this power in every direction from Muscle Shoals and sell it to the small industries down there and to the farmers. I see the gentleman from Mississippi [Mr. QUIN] is not listening. I want to know where he gets the authority for this statement. He does not get it from the hearings. He does not get the authority for that statement from the bill itself. Where does the gentleman get authority for saying that Mr. Ford is going to sell this power?

Mr. QUIN. From the statement of his representative in October.

Mr. KEARNS. Are you going to rely on that statement? I recall that a representative of Mr. Ford said positively he was going to use that power for his own purposes and would not use a kilowatt of power for the manufacture of fertilizer. If Mr. Ford or his representative has made that pledge, why not write it in the bill? Why, a member of the Farm Bureau who is lobbying for this bill has had the audacity to make the statement to the farmers of this country that Mr. Ford was going to sell the power to run the machinery of the farms, and was going to light villages, towns, and cities with his electricity, when there is not an iota of testimony upon which to base such a statement as that.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. KEARNS. I wish I had more time. I would like to know. [Applause.]

Mr. McKENZIE. Mr. Chairman, I shall not take the time of the House to debate the amendment offered by my good friend from Maryland [Mr. HILL]. It is wholly an unnecessary amendment, in my judgment.

The CHAIRMAN. The pro forma amendment offered by the gentleman from Ohio [Mr. KEARNS] is withdrawn, and the question is on agreeing to the amendment offered by the gentleman from Maryland [Mr. HILL].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 3. The company will lease from the United States Dam No. 2, its power house, and all of its hydroelectric operating appurtenances, except the locks, together with all lands and buildings owned or to be acquired by the United States connected with or adjacent to either end of the said dam, for a period of 100 years from the date when structures and equipment of a capacity of 100,000 horsepower are constructed and installed and ready for service, and will pay to the United States as annual rental therefor, 4 per cent of the actual cost of acquiring land and flowage rights, and of completing the locks, dam, and power-house facilities (but not including expenditures and obligations incurred prior to approval of this proposal by Congress, payable annually at the end of each lease year, except that during and for the first six years of the lease period, the rentals shall be in the following amounts and payable at the following times, to wit: Two hundred thousand dollars one year from the date when 100,000 horsepower is installed and ready for service, and thereafter \$200,000 annually at the end of each year for five years.

With a committee amendment as follows:

Page 3, line 9, strike out the words "approval of this proposal by Congress" and insert "May 31, 1922."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. BURTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Ohio offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BURTON: Section 3, page 2, line 23, after the words "United States" insert the words "under the terms of the Federal water power act." Page 3, line 2, strike out the words "one hundred" and insert the word "fifty."

Mr. BURTON. Mr. Chairman, the discussion and disposition of this amendment, I think, will save a great deal of desultory debate, because it goes right to the substance of the questions that have been brought forward here.

I favor this amendment, in the first place, because it is in accordance with the policy of the United States Government established by a statute passed in 1920, and because after the thought of the best minds in the country had been brought to bear upon this problem, even those who were seeking to exploit water power and desired special privilege, nearly all of them, as represented by electrical engineers and promoters, agreed that this was right.

In the next place, it is utterly unfair to those who have been developing water power and who have accepted licenses under this act of 1920 to give to another person a privilege denied to them. They have, some of them—yes, many of them—gone out into the wilderness; they have gone into communities where there was no industrial development, no considerable population, and ventured their capital in sums small and large for the development of this country.

But here what do you have? You have the Government building two dams at an expense of over \$75,000,000; you have a bill by which the Government shall maintain those dams on the allowance of a mere pittance; you have a form of privilege under which the Government takes all the risk and the party who exploits it takes all the gain. I say that is grossly unfair to others who have taken up this water power in quantities surpassing that at Muscle Shoals. It is unfair to the Government as well.

There is an analogy between this and some other things—oil, gas, forests. This is the best and most effective statute of any of them. This is the best policy; this is the one best adjusted.

Now, I went over this subject two days ago, but at the risk of repetition I shall show some respects in which this discriminates against all others, and in which the Ford offer is alto-

gether out of keeping with the policy of conservation, by which those who are opposed to waste and to monopoly will stand and stand right here, and if defeated now we will stand by that policy in the future, appealing to a more-informed sentiment upon the subject.

I believe in the conservation of forest, mine, and water power. I believe in looking forward to the future. No one knows what will happen in 100 years nor in 50 years. Science by its developments, thick and fast, is revolutionizing methods, oftentimes every year, and we can not afford to tie up this water power.

I will call attention to only a few of the things in which this is a departure from the policy of the Government.

PROVISIONS OF FEDERAL WATER POWER ACT VIOLATED OR IGNORED BY THE FORD OFFER.

COMPREHENSIVE SCHEME OF DEVELOPMENT REQUIRED.

1. As a part and condition of any license issued to develop water power, the project adopted, its plans and specifications must be such in the judgment of the power commission as are—

best adapted to a comprehensive scheme of improvement and utilization for the purposes of navigation, of water-power development, and of other beneficial public uses. (Sec. 10 (a).)

EXCESS PROFITS APPROPRIATED.

2. Excess profits of the licensee from the water must be paid to the United States, whether they are profits of a public utility or a private user. (Reg. 18, sec. 106.)

LIMITATION OF TERM AND RECAPTURE.

3. The franchise is limited to 50 years, conditioned upon acceptance of all the terms and conditions of the act. (Sec. 6.)

At the end of the 50 years, the right is reserved to the Government to take over the project upon payment of the net investment by the licensee, but not to exceed its fair value, and excluding any consideration for good will, going value, or prospective revenues, or rights granted by the franchise. (Sec. 14.)

At the end of 50 years, in the event the Government does not exercise the right to take over the project, preference by section 7 is given to applications by States or municipalities.

The right of the United States or any State or municipality is expressly reserved to take over by condemnation proceedings and maintain and operate the project at any time during the 50 years license period upon payment of just compensation to the licensee therefor. (Sec. 14.)

That is, during the 50 years there is the right reserved in the United States to take over the property on paying just compensation.

RENEWAL.

No preference right for renewal of the franchise or any proprietary claim for power is secured to the licensee. If a license is renewed, it must be under the then existing law and conditions. (Sec. 15.)

NO TRANSFER WITHOUT APPROVAL.

4. The licensee can not execute a transfer of any right secured under the license or of property under the license without written approval of the power commission. All transfers or assignments, whether by judicial sale or foreclosure, must be subject to the conditions of the act. This provision is construed by the present power commission to extend to a lease of any property under license. (Sec. 8.)

MAINTENANCE AND OPERATION.

5. The licensee is required, at its own expense, under supervision of the power commission, at all times to maintain the project adequately for purposes of navigation and efficient operation in the development and transmission of power, must make all necessary renewals and replacements, and must maintain adequate depreciation reserve. (Sec. 10c.)

POWER FOR NAVIGATION FACILITIES.

6. The licensee is required to provide, free of cost, power for operation of all navigation facilities (sec. 11c), and authority is reserved in the Government at all times to prescribe regulations in the interest of navigation, including control of the pool level and installation of necessary lights and signals. (Sec. 18.)

REGULATION OF RATES, SERVICE, AND SECURITY ISSUES.

7. A licensee which is a public utility corporation must abide by such reasonable regulation regarding the services rendered its customers and its rates and charges of payment therefor as may be prescribed by the State; and if there be no laws of the State, regulating rates, services, or security issues, then the Federal Power Commission exercises such regulation (sec.

19); and if the power enter into interstate commerce and the States can not agree, then the Federal Power Commission makes such regulations. (Sec. 20.)

8. All rates for power sold in public service entering into interstate commerce must be "reasonable, nondiscriminatory, and just to the customer, and all unreasonable discrimination and unjust rates or services are hereby prohibited and declared to be unlawful." (Sec. 20.)

Even where the licensee sells to another company for resale to the public, the act undertakes to regulate rates, service, and security issues of that purchaser from the licensee in the event there is no local regulation. (Sec. 19.)

AMORTIZATION PAYMENTS.

9. After 20 years of operation amortization reserves are required out of surplus earned thereafter, if any, in excess of a specified reasonable rate of return upon the actual legitimate investment, to be held until the termination of the license or applied, in the discretion of the power commission, in reduction of the net investment of the licensee. (Sec. 10d.)

HEADWATER IMPROVEMENTS.

10. The licensee is required to make equitable contribution for benefits accruing to it from headwater improvements, either by storage reservoirs or otherwise, whether done by other licensees or by the Government. (Sec. 10f.)

COMBINATIONS PROHIBITED.

11. "Combinations, agreements, * * * or understandings, express or implied, to limit the output of electrical energy, to restrain trade, or to fix, maintain, or increase prices for electrical energy or service, are hereby prohibited." (Sec. 10h.)

USE FOR NATIONAL DEFENSE.

12. The right is expressly reserved to the United States at any time to take over a project when in the opinion of the President the safety of the United States demands for manufacturing nitrates, explosives, or munitions of war, or for any other purpose involving the safety of the United States, involving a liability only for just and fair compensation for use of the property taken, to be determined by the power commission upon a basis of a reasonable profit to the licensee in peace time, plus the cost of restoring the property to as good condition as when taken, less a reasonable value for improvements made by the United States that are serviceable and valuable to the licensee.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BURTON. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes, although I may desire more than that, because my convictions on this subject are so strong that I want to present them fully to the committee.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio be allowed to proceed for 10 additional minutes.

Mr. MORIN. Mr. Chairman, reserving the right to object, I ask unanimous consent that the gentleman from Ohio be permitted to proceed until he completes his statement on this amendment.

Mr. BURTON. I should not wish to ask that, because I think in 10 minutes I can finish.

Mr. MORIN. Then, Mr. Chairman, I withdraw my objection and my request.

The CHAIRMAN. The gentleman from Alabama [Mr. OLIVER] asks unanimous consent that the gentleman from Ohio may proceed for 10 additional minutes. Is there objection?

There was no objection.

Mr. BURTON. This statute evoked most careful consideration during three or four administrations. I give credit to President Roosevelt for having initiated the general idea; President Taft also promoted it; President Wilson and Secretary Baker, from whom a letter will be read during the course of this discussion, rendered excellent service upon it; and I ought not to omit Secretary Lane, Secretary Houston, and others. But this Congress is asked to cast down the result of all their labors and to destroy this policy.

Oh, but we are told by the gentleman from Tennessee, for whose judgment I have the highest respect, that this is a contract, and that you must not vary from it. Why, Mr. Chairman, there have been several contracts made within the last few years that we should have amended very decidedly; and that is not confined to any one administration. [Applause.]

What was the excuse for the Teapot Dome contract? And the contract in itself is not such a dreadfully bad thing. It was intended that the Government should retain the oil reserves; but along came some persons who said, "The oil supply is being depleted. More than that, we must dig out the oil for

the Navy; we must put it in tanks, and so we will make a modification of the laws and regulations." I do not care to express an opinion here as to whether that contract was legal or not; but I do say this, that the contract was an unusually favorable one for the Government. Instead of the usual royalty of 10 per cent or, at the outside, 20 per cent, turned over to the lessor, it provided that from 12½ per cent for the least-producing wells up to 50 per cent for the best wells should go as royalty to the Government—an unprecedented proposition.

It also provided that storage tanks should be built and that a pipe line be constructed at a cost of \$9,000,000, but universal condemnation has rested upon that contract, or, at least, condemnation has rested upon one person, the Secretary of the Interior, because of his affiliations with the parties and because of secretive methods. But that is not as bad as the contract you are proposing here, that is not as wide a variation from settled policy as this, nor does this promise such advantages.

You have established a policy by the water power act which makes these resources available for the future, it authorizes such changes as time and development may require, and it does away with discrimination. But monopoly and discrimination abide in every section of this bill, and I shall call attention to them as we go along.

Now, Mr. Chairman and gentlemen, Mr. Ford ought not to object to submitting to the same regulations which others have met. I repeat, he is very much more favorably treated than others who go out and risk their own capital. The dams are to be built for him, and the steam power plant, for which \$4,500,000 is offered and which rents for \$350,000 a year, is there. He asks that of the \$5,000,000 he pays, \$3,500,000 shall be set aside for replacing a plant with 40,000 more horsepower. I can not understand how gentlemen can think they can grant such privileges and so give away Government property.

I do not wish to see this project delayed. I hope to see something done about it. There has been occasion for criticism from the other side about the delay. I have not a bit of doubt but that some of the water-power users and developers thought, "Oh, that whole expense there will amount to nothing and it will go into scrap and we can get it for a song." They were standing by and thinking they would buy for little or nothing. Along came Mr. Ford and took advantage of that situation and made an offer. If he will submit to the regulations to which every other citizen and to which every one of us would have to submit, and if he will pay a fair price for the property, I would like to see Mr. Ford have it, but this Congress is not here to grant special privileges to Mr. Ford or to any other great capitalist of the country.

Mr. BLANTON. Mr. Ford makes us a proposition. If, in the interest of the Government, we see fit to change it a little and say to Mr. Ford, "Here is our proposition," can Mr. Ford take any offense at that?

Mr. BURTON. I think if it should be one of us and we were dealing with a person and made a proposition, we would hardly expect that the exact words of our proposition would be accepted by somebody else.

A few days ago very bitter complaint was made because a Government official, a responsible Secretary of the Treasury, had sent in a bill here, and it was said that we must not take that, but to-day we are told we must swallow Mr. Ford's offer as a contract or we can not carry it through. [Applause.] The question is, are you going to swallow it?

Mr. McSWAIN. Will the gentleman yield?

Mr. BURTON. I yield to the gentleman from South Carolina.

Mr. McSWAIN. The gentleman having already spoken for more than 60 minutes on this bill and not having once mentioned the matter of national defense, let me ask him if these other persons and companies that have developed water power against whom he says there would be a discrimination, have obligated themselves to maintain a nitrate plant ready at all times, for 100 years, to provide nitrates for this Government in the event of war and ready to instantly go into the manufacture of it.

Mr. BURTON. Now, that seems like a poser. The gentleman omitted to hear what I said the other day, and I read the provision. I will not read it again, but every man and every corporation that has a license under the water power act, which I am seeking to have binding here, must agree that he will turn over the property to the Government for the purpose of making explosives at any time.

Mr. McSWAIN. If the gentleman will yield, I will say that I not only listened to every word he said, but I have read the Federal water power act many times and I will ask him

whether in a single case where a concern got a license under the Federal water power act they agreed to maintain their plant for the fixation of nitrogen from the air so it could be converted into manufacturing explosives within five days.

Mr. BURTON. See how easy an answer calls that down. There is already the nitrate plant there constructed by the Government. Mr. Ford does not have to construct it. It is there ready to be maintained. That absolutely forecloses your question and makes that idea of no account whatever.

Mr. McSWAIN. What about these other people at Keokuk?

Mr. BURTON. That is merely sentimental, whether they offer to do it or not. The plant is there, and it has been constructed at the expense of the United States Government, and Mr. Ford does not have to pay a nickel to construct it. Why, the idea of giving him credit for turning over to the Government something that he gets for practically nothing, that he did not build, and that he had nothing to do with, but which was built by the Government of the United States at the expense of the Government.

Mr. McSWAIN. Does the gentleman assume it would cost nothing to maintain it and to keep it in condition for 100 years so it can, on five days' notice, begin the making of explosives?

Mr. BURTON. Whatever is available for the manufacture of nitrates is available for explosives, and there is provision in the bill for maintaining this plant, and the Government itself must provide for the repair, maintenance, and operation of Dam No. 2. This shows how Mr. Ford has the advantage.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HILL of Maryland. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio be granted five additional minutes.

Mr. BURTON. I do not wish that, gentlemen. I may say, Mr. Chairman, that I am intending to be heard later on some other amendments and am afraid the committee will be tired of hearing me before I get through.

Mr. BEGG. Mr. Chairman and members of the committee, it is not at all a delightful task to differ so radically with my genial and learned colleague from my State, whom every man loves and respects. However, I find myself in this bill on the directly opposite side from him on the 50-year and 100-year proposition, with the understanding, of course, that the amendment, revised, which I suggested yesterday, will be adopted. And I am going to say I believe it will be adopted, and if it is adopted then there is not a possible chance for Henry Ford or any other man ever coming into control of this water power and failing to make 40,000 tons of fixed nitrogen or more annually or over 2,000,000 tons of actual commercial fertilizer. It is on that basis I want to argue in favor of 100 years as against 50 years. My good colleague from Ohio [Mr. BURTON] argues that we should not stray away from the Federal water power act and its 50-year provision; but, my colleagues, I want to call your attention to this difference. There has never been a license issued under the Federal water power act that was not issued for the selfish interests of the man obtaining the license [applause], and I maintain and argue that instead of straying away from the policy of Roosevelt of conservation of national resources we are only holding fast to that policy if we can tie up any man or set of men to produce a minimum of 40,000 tons of fixed nitrogen for the constant upkeep and improvement of the fertility of the soil. If that is true, that is conservation. That is not wastage, and, added to that, there is a commission provided in this bill, which is a Government commission, to regulate the price at which this fertilizer can be sold.

Mr. ALMON. And the distribution?

Mr. BEGG. And the distribution.

Mr. MADDEN. Will the gentleman yield? And the States regulate the price at which the current will be sold.

Mr. GRAHAM of Illinois. Where does anybody get that impression? I say that is not the law.

Mr. BEGG. I will not admit that is the law, because I am one who does not believe they intend to sell the current. I believe they are going to use it for manufacturing; still I am for it on a 50-year basis. Now, men, as business men let me call your attention to another vital proposition as against any proposition under the Federal water power act.

I am going to assume that I get a lease under the Federal water power act, and I care not what the purpose is or what I manufacture. The United States does not make it its business at all as to what price I am going to sell that commodity. The Government is not interested in that, and I go ahead and include in the cost of the product that I am going to manufacture and market a return on the capital invested; regardless of whether I have amortized my capital in a bank account, I

still continue to charge so much earning power on my capital. There is not an industry in the United States that does not do it now. I am charging an earning power on my capital even though my dividends have exceeded my capital ten times. In this bill it is decidedly different. We do not give Mr. Ford or the corporation that power. Here is what we do give them: We give them the power to amortize the capital stock, or the cost of it, in 100 years, and from the time of the 100 years thereafter every ton of fertilizer made at Muscle Shoals will be sold on the basis of cost less the capital stock charge.

Now, if that is true—and I challenge anybody who opposes the 100-year proposition to prove that it is not true—the Government has it within its power at all times to compel the sale of nitrate at the actual cost of the labor and material with no capital stock charge against that. And in 100 years from now who knows how many people will have to be fed off the fertile fields of the United States, because fertilizer may be one of the big factors included in the consumption cost and will affect every man, woman, and child, whether he lives in a city or on a farm.

And because this is different in that respect than any contract made under the Federal water power act, I maintain it is justification enough to make it 100 years instead of 50 years. [Applause.]

Mr. HULL of Iowa was recognized.

Mr. McKENZIE. Mr. Chairman, before proceeding further I would like to see if we can not arrange as to the limit of time to be consumed in the discussion of this section. I would like to ask the gentleman from Iowa what he thinks about a time limit.

Mr. HULL of Iowa. I think it would be advisable for us to allow the discussion to run along for 30 minutes or so and then perhaps we can come to some agreement.

Mr. McKENZIE. It has now been running 20 or 25 minutes.

Mr. HULL of Iowa. There is an important amendment pending and an important amendment to be suggested. The real merits of the bill are contained in this section.

Mr. McKENZIE. I suggest to the gentleman from Iowa that we have one hour for debate, to be equally divided between those opposing and those in favor. Will that satisfy the gentleman?

Mr. HULL of Iowa. On this amendment?

Mr. McKENZIE. On this section and all amendments thereto.

Mr. HULL of Iowa. No; because there are two or three other amendments to be offered to this section. Let us go on for half an hour.

Mr. MILLER of Washington. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Iowa has been recognized and has the floor.

Mr. HULL of Iowa. Mr. Chairman, I send a letter to the Clerk's desk and ask to have it read in my time.

The Clerk read as follows:

UNION TRUST BUILDING,
Cleveland, Ohio, March 4, 1924.

MY DEAR MR. HULL: Through your kindness I have just received a copy of the minority report from the Committee on Military Affairs, dated February 8, with reference to the proposed disposition of the Government's interests and properties at Muscle Shoals. The discussion of the several "offers" made for the purchase or lease of these properties is most informing, and I congratulate you upon the wisdom and farsighted patriotism with which the report is infused. I have always thought and continue to think that it would be a public calamity to have this great national asset come into private hands upon any terms now possible to be secured. The progress of invention can not be foretold, but it is wholly within the bounds of reasonable likelihood that within a very few years the production of synthetic nitrogen compounds, without great power consumption, will be cheap and easy and that in such event it would be wasteful to devote any substantial part of the available power at Muscle Shoals to that use. But it is certain that with every passing day in the United States the population and their transportation and industrial needs grow greater and the stocks of unmined coal and unpumped oil grow less, and it inevitably follows that in relatively few years the possession of this immense source of power means dominance over the lives and fortunes of a rich and populous section of our country. Muscle Shoals is an inexhaustible national asset. It is too large and too vital an element in our national economy, whether in peace or war, to be privately owned, either by an individual or a corporation. Impatience to recover a few million dollars in money and modest prospects of benefits to farmers are blinding us. The real interests of the farmers and of everybody else, for the hundred years in question, are identical with the national interest.

The water power act is framed to induce the development of doubtful projects by unusual rewards. So far from abating its provisions in any lease at Muscle Shoals they should be strengthened. This is not a doubtful project but a palpable gold mine.

Thank you heartily for your fine public service.

Cordially yours,

NEWTON D. BAKER.

Mr. HULL of Iowa. Mr. Chairman and gentlemen, the letter that has just been read was from the ex-Secretary of War, who unquestionably had more to do with Muscle Shoals than anyone else. I think you will all admit that. I myself had many conversations with Secretary Baker before the war and during the war in regard to Muscle Shoals. I perhaps received from him some of the inspiration that caused me to side with you gentlemen on this side of the House in demanding that we should develop Muscle Shoals, and now I, like the Secretary of War at that time, want to keep Muscle Shoals for the people of this country and not for the selfish private interests of anybody.

Mr. BANKHEAD. Will the gentleman yield for a question?

Mr. HULL of Iowa. I hope no one will interfere with me, because I was interfered with the other day and tried to answer everyone that came along, and it took up nearly all my time.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HULL of Iowa. I ask unanimous consent for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BANKHEAD. Will the gentleman yield for a brief question?

Mr. HULL of Iowa. Yes.

Mr. BANKHEAD. Does not the gentleman think that he is very inconsistent in reading a letter from ex-Secretary of War Baker, protesting private ownership, when he himself is sponsor for a bill directly violating that policy?

Mr. HULL of Iowa. I will explain—I sponsor nothing of the kind. I am beginning to believe, as the Secretary of War says, that this is too big to trust to any selfish private interest. I think that unquestionably, when you get through, that will be the final decision of the people of this country.

Now I hope that gentlemen understand it. I tried for two years to find out from Henry Ford and from others what Henry Ford proposed to do with Muscle Shoals—the second largest national enterprise you have. I have been unable to find out. The gentleman from Michigan [Mr. JAMES] the other day said that I had met Henry Ford. I did, and it was not for four or five hours. I was told that Henry Ford would come here to explain everything. I want to tell you about that visit. It was at the Union Depot. I was taken there, I think, by Judge ALMON, and on Henry Ford's car I met Mr. Ford. I asked Mr. Ford this question: "Mr. Ford, I would like to ask you a few questions in regard to what you propose to do at Muscle Shoals." Mr. Ford immediately said to me, "Mr. HULL, I have important business, and I want you to see somebody else about that. I know nothing about it."

That is as near as I have ever found out from Henry Ford or anyone else what he proposes to do. I have asked the committee for two years to have Henry Ford come before us and let us sit down as gentlemen should and talk about this great business proposition. I was told at first that that was what would happen. They have purposely, as I look at it, kept Henry Ford away. I was told that I could go to Detroit and they would make an appointment with him. I wanted to see him before I voted on that proposition. The appointment never was made, and Henry Ford, so far as I know, is just as far away as he ever was from the men who ought to be able to talk to him.

Mr. Chairman, this is an offer made by Henry Ford. The gentleman from Texas [Mr. BLANTON] stated it properly. It is now up to you gentlemen to say what you will offer to Henry Ford, and you have a perfect right to amend this bill as you see fit. You can change it. It is your offer to Henry Ford. It is idle to waste words and say that the great House of Representatives, representing the American people, can not change a contract. So far as I know this is the first time in legislative history that a contract like this has come before the House of Representatives. Usually it is a bill which we authorize, and then immediately afterwards we usually criticize the bill. To-day, to-morrow, or whenever you pass this bill, it will be you, and you alone, who are responsible for it.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. WINGO. When was it that the gentleman saw Henry Ford?

Mr. HULL of Iowa. At the very inception of this thing, about two years ago.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. OLIVER of Alabama. Mr. Chairman, I wish to discuss for a few minutes the amendment offered by the gentleman from Ohio [Mr. BURTON]. This is a vital amendment, and if accepted by the committee and by the House must be construed as a rejection of Henry Ford's offer for Muscle Shoals. The gentleman from Ohio [Mr. BURTON], a few days ago, on Wednesday, I think, spoke for 45 minutes on the pending bill, during which time he paid a glowing tribute to what he called our comprehensive national water power act, and he made bold to assert that Congress in passing that act in 1920 had established a definite and well-defined policy which, it was intended, should obtain and be applied to all future grants of hydroelectric development on the navigable streams of our country. The gentleman was in error, I think, in assuming that Congress had declared so comprehensive a policy as he outlined, because the very act of which he speaks carries limitations, and very wise limitations, on the powers of the commission appointed thereunder, and the project at Muscle Shoals falls clearly within the limitations so imposed on the commission.

There are two provisions of the act that limit the authority of the commission in the granting of licenses on navigable rivers. The first is found in the third proviso under subdivision "E" and reads as follows:

Provided further, That in case the commission shall find that any Government dam may be advantageously used by the United States for public purposes, in addition to navigation, no license therefor shall be issued until after two years after it shall have reported to Congress the facts and conditions relating thereto.

Then again, under section 7 of the power act, reading from the second paragraph, we find:

That whenever in the judgment of the commission the development of any project should be undertaken by the United States itself, the commission shall not approve any application for such project by any citizen, association, corporation, State, or municipality, but shall cause to be made such examinations, surveys, reports, plans, etc., and shall submit its findings to Congress.

Mr. BURTON. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. Let me continue, please, for a moment. The Secretary of War, a member of the commission, recognized the limitations thus imposed by the power act on the authority of the commission, and very properly, in calling for bids through the Chief of Engineers, gave notice that if any bids were submitted offering a fair return on what the Government had or might be required to expend in the completion of the project, he would refer the same to Congress. This he was compelled to do by the very terms of the act to which I refer. Congress in passing the act clearly recognized that there would be developments of such magnitude on our navigable streams as to far exceed in importance either navigation or power development—these purposes, though important, being mere incidents to the chief objectives sought. The project at Muscle Shoals presents an exceptionally good illustration of exactly what Congress had in mind in imposing these limitations on the authority of the commission. Certainly no one will contend that the commission under the power act is clothed with authority to carry out the broad and clearly defined purpose of Congress as set out in the national defense act of 1916, and which we are now endeavoring to provide for at Muscle Shoals. In the act of 1916 Congress was primarily providing for national defense in time of the Nation's need and for agriculture in times of peace—navigation and power development being simply incidental to these two great outstanding purposes.

An initial fund of \$20,000,000 was provided to carry out the purposes of the act. The President, in the exercise of his authority under the act, selected Muscle Shoals as the site for the building of a nitrate plant and providing water and steam power for its operation. It was intended to provide here explosives for the Nation in time of war and fertilizer for agriculture in time of peace.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent to proceed for five minutes longer.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BURTON. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. I gladly yield to the gentleman from Ohio.

Mr. BURTON. Does not the argument of my good friend from Alabama absolutely destroy any claim for licensing this to a private corporation or individual? The reservation on the power of the commission is to be made when they find that the United States should do the work.

Mr. OLIVER of Alabama. The very fact that Congress denied to the commission the right to act, and the matter has now been properly referred by the Secretary of War to Congress, certainly clothes Congress with full authority to do what it may determine is best to conserve and carry out the original purposes that Congress had in establishing this nitrate plant at Muscle Shoals. Now, what does this proposal of Henry Ford offer to do, and which the power commission is without the slightest authority to provide or carry out? The offer, if accepted, will provide for the continuous operation of nitrate plant No. 2 for 100 years, and a guaranty to produce annually at such plant at least 40,000 tons of nitrogen—this being the maximum capacity of the plant—to maintain at all times during this period of 100 years this plant in efficient operating condition, and to turn it over to the Government on short notice, if required, with an adequate working force.

The offer further provides for the payment of interest on all expenditures incurred after a certain date, in the construction of Dams Nos. 2 and 3, and for the purchase of necessary lands, flowage rights, and the installation of power plants, and further, for the amortization of this entire expenditure during the lease term. Other valuable promises, obligations, and undertakings are set out in the offer we are now considering, and adequate provision is made to guarantee and insure the faithful performance of all conditions, promises, and undertakings made the Government. Certainly, no one will claim that the power commission, under the power act, is clothed with any authority as to matters of this kind.

Now, passing on, the gentleman from Ohio says that his amendment seeks to shorten the lease term from 100 to 50 years, and claims that failure to adopt the amendment would be an unjust discrimination against power developments made by other companies pursuant to the power act since the date of its passage in 1920. Others with more time will discuss at length this feature of the amendment; but I wish in passing to say if you reduce the term to 50 years you will impose a heavy burden on those for whom the bill is seeking to provide cheap fertilizer. To amortize the indebtedness which this bill provides in 50 instead of 100 years would require that the annual payments by the lessee be seven times larger than such payments would be under a hundred-year term.

Adverting now to the question of discrimination which the gentleman from Ohio charges if a hundred-year lease is given to Henry Ford, he fails to take into account that in the immediate section where this power is to be developed the very companies which he claims would be discriminated against by a hundred-year lease to Henry Ford now enjoy extensive water-power rights in perpetuity on both navigable and nonnavigable streams. The nonnavigable streams on which these companies hold large power rights in perpetuity should be defined and classed according to the gentleman's argument on Wednesday last as navigable streams. These numerous green circles on the map I now exhibit to the committee in the States of Georgia, North and South Carolina, and the circles in red in Georgia and Alabama show perpetual leases to companies that Mr. Ford and his company, if this bill is passed, must compete with. This circle on the map in red on the Tennessee is Hales Bar, where the lease was for 99 years. Now, I submit that the gentleman's argument that a hundred-year lease to Henry Ford, with the large benefits that his offer will bring to the Government and to agriculture, is not a discrimination against companies in that section which hold the perpetual leases this map discloses.

The CHAIRMAN. The time of the gentleman has expired.

Mr. OLIVER of Alabama. I ask that I may have five minutes additional.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama for five additional minutes? [After a pause.] The Chair hears none.

Mr. OLIVER of Alabama. I repeat, what foundation is there for the claim made by the gentleman from Ohio that this 100-year lease would be unjust to companies coming in competition with Mr. Ford in the distribution of power? Now, these upper stretches of the Tennessee, classed as nonnavigable under the definition of "navigable streams" given in the power act, should be hereafter classed, in my judgment, as navigable. As authority for this I refer to a statement made by the gentle-

man from Ohio in his speech on last Wednesday, where in referring to the case of *The United States v. Chandler-Dunbar Water Co.* (229 U. S. p. 53), he says:

This sweeping decision establishes the principle that the Federal Government has full control of the development of water power in navigable streams, and it should be added that a river or stream is to be taken as an entirety, and the fact that it is not navigable in one portion, while navigable in another, does not take away the quality of navigability for the whole extent of the stream or river. Indeed, this principle might also be extended to tributaries. For a time there was no especial interest in the development of water power.

Here, then, is the Aluminum Co. of America enjoying water-power rights in perpetuity which approximate one-half million horsepower at the headwaters of the Tennessee. The gentleman has referred us to a decision of the Supreme Court showing that Congress has the right to change the definition of navigable streams as defined in the power act so as to include in that definition the upper stretches and tributaries of the Tennessee. We can not change the perpetual grants of power, but if Congress should later deem it wise to adopt the suggestion of the gentleman from Ohio, so as to declare the little and upper Tennessee navigable streams and thus bring all the water-power grants in that section now held in perpetuity under the jurisdiction of the power commission, there might then be some equity in the position taken by the gentleman that this lease for 100 years to Henry Ford should be brought under the power act.

Mr. HERSEY. Will the gentleman yield?

Mr. OLIVER of Alabama. I must decline.

Mr. HERSEY. Right in that connection, for information.

Mr. OLIVER of Alabama. I have but a few minutes, but I will yield.

Mr. HERSEY. I want to know when these companies got their grants of perpetuity, whether it was before the water power act was passed or later?

Mr. OLIVER of Alabama. It was before the passage of the power act. However, the decision cited by the gentleman from Ohio, as he interprets it, holds that the Government still has the power to bring all of these companies under the power act by treating and declaring the headwaters of the Tennessee as parts of a navigable stream. Now, the gentleman from Ohio called attention to a provision found in the power act which he asserts is most important, and which he claims will be ignored unless his amendment is adopted. Here is the provision:

The project adopted must be such as in the judgment of the commission will be best adapted for a comprehensive scheme of improvement and utilization for the purpose of navigation, water-power development, and other beneficial uses.

Let us see what Henry Ford's offer contemplates. Certainly, far more than any offer that has been submitted to the Military Affairs Committee, both for navigation and power development at Muscle Shoals. His offer looks to the completion of Dam No. 2, and the early completion of Dam No. 3, and he offers not only to pay 4 per cent interest for 100 years on the total amount expended in the completion of these dams, but to pay an additional sum semiannually sufficient to amortize the entire amount so expended during the term of the 100-year lease. His offer contemplates the installation of power plants, a large part of which must remain idle until storage dams on the Tennessee above Knoxville are built. This idle power installation awaiting the building of storage dams will represent more than \$7,000,000 in money, on which Mr. Ford will be required to pay 4 per cent. You can see what an incentive it will be, if his offer is accepted, to promptly—at his own expense—provide storage dams so as to make this idle power machinery available. Certainly, this is a most comprehensive plan for both power development and navigation. How different, in fact, from the plan the gentleman from Ohio seems to favor, because we find this sentence in his speech of Wednesday last: "I want to say in this connection that I don't think it is best to build Dam No. 3 at this time." Yet in another part of that same speech he admits that Dam No. 3 will not only develop large additional power but will open up the Tennessee River to navigation almost to Chattanooga.

Now, if Henry Ford's proposal is accepted, it means the continuous operation at maximum capacity of nitrate plant No. 2, the sale of cheaper fertilizer to farmers, the building of Dams Nos. 2 and 3, storage dams, and the opening of the river to navigation. Is not this "a comprehensive scheme of improvement, and utilization for the purpose of navigation, water-power development, and other beneficial uses"?

I submit that the reasons are most compelling why the amendment offered by the gentleman from Ohio should be defeated. [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to revise and extend his remarks. Is there objection?

There was no objection.

Mr. HILL of Maryland. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HILL of Maryland. Has the House decided that every gentleman has leave to extend and revise his remarks without further request? The House so decided yesterday, I believe.

The CHAIRMAN. Yes.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES.

The committee informally rose; and Mr. KETCHAM having taken the chair as Speaker pro tempore, a message, in writing, from the President of the United States was communicated to the House of Representatives by Mr. Latta, one of his secretaries.

MUSCLE SHOALS.

The committee again resumed its session.

Mr. HUDDLESTON. Mr. Chairman, the proposed amendment to apply the terms of the Federal water power act to Henry Ford's control of Muscle Shoals is for the purpose of terminating the contract at the end of 50 years, so that the works will then revert to the Government.

LEASE FOR 50 YEARS NOT LONG ENOUGH.

To fully utilize the water power at Muscle Shoals will require an expenditure of from \$300,000,000 to \$500,000,000, and will take from 25 to 40 years.

Most people make the mistake of thinking of electricity only in terms of power. It should also be thought of in terms of heat. Men think of electricity and visualize it in the form of lights, street cars, and revolving wheels. It should be visualized in the electric furnace.

To understand what electricity means to industry, we should study the situation at Niagara Falls, where it is demonstrated that electric energy is sometimes too valuable to be used for power purposes. Buffalo, 30 miles away, is forced to rely for power and lights upon a fuel plant burning coal brought hundreds of miles from the Pennsylvania coal fields, while the bulk of the Niagara electric energy is used for the production of aluminum, carbide, carborundum, cyanimid, quick steel, and the other alloys necessary to American industry, particularly in the manufacture of tools and automobiles. To produce these materials the high-temperature electric furnace is required.

There is a limit to the heat which may be produced by combustion. Temperatures above 1,000 to 1,500 degrees are quite difficult to produce from fuel. It is almost impossible to produce these high temperatures on a large scale by combustion. Yet the production of the materials which I have named requires temperatures of from 2,500 to 3,500 degrees. Where large units of energy are available, such temperatures may be obtained by the electric furnace without great difficulty. For this reason Niagara Falls has become the greatest center in the world for the production of aluminum, carbide, and the other products of the electric furnace. Niagara Falls is no longer a mere tourist resort, a goal for wedding journeys. It has jumped within a few years from a village of 10,000 to a busy industrial center of some 200,000 people, all because of the electric furnace and its possibilities in connection with modern industry.

MUSCLE SHOALS AND THE ELECTRIC FURNACE.

If Muscle Shoals were adjacent to great cities and populous industrial centers, with large demands for power, Ford might well accept a lease for 50 years; but such is not a fact. There is no substantial demand for power in that section, beyond the supply now developed or which will be available upon the completion of developments now under way. Nashville, Chattanooga, Birmingham, and Montgomery are already served with water-generated power. The Alabama Power Co., which has a monopoly in Alabama, is building additional plants on the Coosa and the Tallapoosa. Already it serves almost every town and village in Alabama except Mobile, which will no doubt be served by its Tallapoosa plant. The fact is that there is even now in sight a surplus of water-generated power in that section, and there are numerous additional water powers which might be harnessed. The Alabama Power Co. has no use for Muscle Shoals. They are in no position to use it.

They have no demand for its power. They can not afford to develop it.

If it were Ford's proposal to use Muscle Shoals for the production of power with the expectation of selling it to the surrounding territory, I should call him foolish indeed. The great use for Muscle Shoals, with its expensive development but tremendous possibilities, is through the electric furnace in the production of fertilizer, aluminum, carbide, and the steel alloys so essential to industry. To utilize its energy is not merely a matter of constructing a dam, turbines, and distributing cables, but the much more difficult and expensive task of building vast plants for the use of the electric furnace. A capital investment of hundreds of millions is involved—skilled employees by thousands must be assembled, a city of homes must be built. But even all of this is not sufficient. A market must be found or developed for the materials which will be produced. Yea, more. Sources of raw materials must be located, railroads constructed, and the means found for assembling the materials at the Muscle Shoals plants.

Take the case of aluminum. The Aluminum Trust, which at present has a monopoly in the production of this metal, obtains the bauxite ore from its Arkansas mines, carries the ore to East St. Louis, where the first steps in reduction are taken, then carries the product to Niagara, where it is finally smelted. It is said that the production of aluminum on a large scale is practically impossible except by the electric furnace. The Aluminum Trust owns all known to be available deposits of ore. To produce aluminum at Muscle Shoals Ford must find a satisfactory supply of bauxite. There is said to be much of this in certain sections of Georgia and Alabama, also in Tennessee. It is known to exist in small quantity near Leeds, in Jefferson County, Alabama. Ford must hunt out these deposits. He must test them to see whether they may be worked economically. He must assemble the ore and other materials at Muscle Shoals.

To utilize Muscle Shoals, Ford must produce hundreds of millions in capital. He must build railroads, assemble scientists and skilled workers from every quarter and organize his working forces, make investigations, and carry on operations such as have never before been attempted by any one man, and he must seek in the industrial centers of the world a market for his productions. This is not a matter for a few years, but will require from 25 to 40 years, perhaps even longer, for its full consummation. There would be no hope for Ford to earn his investment back in 50 years. He could not afford to accept any lease short of 100 years. A vote for 50 years is a vote to reject his offer.

THE LABOR ASPECT.

I desire now to speak of the labor aspect of Ford at Muscle Shoals. It has tremendous importance to the workers in my district and throughout the South. It is largely because of my interest in them that I feel such deep anxiety that Ford's offer should be accepted.

Labor in the South as a rule is underpaid. Wages in the Birmingham mineral district range from 10 per cent to 50 per cent less than in other industrial centers of the country. The more skilled the worker the more nearly will his wage compare with wages in Gary, Pittsburgh, and Bethlehem. The common laborer receives, roughly speaking, about 50 per cent of what the same class of labor would be paid in northern industrial centers. Skilled men, such as mechanics in the building trades and foundries, get from 75 per cent to 90 per cent of what such workers receive in northern and eastern cities. The Alabama coal miner is the poorest paid in America.

The chief factor in this wage situation is the remoteness of the district from other labor markets. The Steel Corporation dominates the Birmingham labor situation. It is the largest and best employer; other large employers follow the Steel Corporation, and as a rule pay slightly less and give less attention to welfare work. There is no real competition among the great employers, and there is small choice to the worker among them. He is forced to choose between the wages and conditions which they dictate and removing himself and family for hundreds of miles into some other labor center. The great corporations which dominate Birmingham are able to control labor because there is no real competition among them or between them and employers in the large labor centers. They are able to dictate to labor because the workers have no alternative. They are able to destroy the workers' unions and to drive from the district any worker whose activities may be objectionable to them.

FORD WILL COMPETE FOR LABOR.

With Ford at Muscle Shoals there will not only be industrial competition with the Aluminum Trust, the Cyanamid Co., the Union Carbide Co., and the other monopolists who, by reason

of their favorable position as users of Niagara electric energy, hold their hands at the throat of American industry, but there will be labor competition with the Steel Corporation, the Republic Co., the Sloss Co., and the other great employers of the Birmingham district.

It will mean much to the workingmen of my city and section. It will mean for every one of them a few additional dollars in his pay envelope—better food and clothing for his wife and children, and a better house to live in. More than that, it will mean for the men who toll a certain measure of industrial independence—a choice whether they will work for the Steel Corporation and its imitators or may seek employment from a more humane and enlightened employer.

I do not wish to be misunderstood. I do not approve Henry Ford's labor policies. I find his statements concerning labor organizations utterly lacking in understanding, not only of the human element in labor, but of certain sound considerations of labor policy. I do approve in Henry Ford of his recognition of the fact that the way to get good work is to give good pay. At least he has sense enough not to stint the horse that he drives—sense enough not to attempt to buy his labor for the least possible wage that he can force the worker to accept.

The great labor significance of Ford at Muscle Shoals is well understood, not only by the laboring people themselves, but by the employers with whom he would compete for labor. The wage earners of my district are unanimous for the acceptance of Ford's offer. The large employers are practically 100 per cent against it. The latter have not had much to say publicly, but they have dealt with the situation in their customary under-cover way. Do not be misled. The large employer interests of Alabama are not for Ford's offer and never have been.

A very good evidence of this was the appearance of Mr. Ingalls, president of the Birmingham Chamber of Commerce, before the committee in opposition to Ford's offer. Mr. Ingalls is himself head of the Ingalls Iron Works and a large employer of labor. It will cost him more money for labor with Ford at Muscle Shoals. His pay rolls will be larger. He sees only the direct result, and though Ford might add half a billion to Alabama tax values and increase our population by 250,000 intelligent white people, Ingalls looks at the effect on his pay roll and not upon the secondary effect of a larger business and in the end a more profitable enterprise.

The American Federation of Labor at its Denver convention in 1922 adopted a resolution indorsing Ford's offer and urging its acceptance. Since he gave the *Collier's* interview expressing such amazing and half-baked opinions on politics and labor, the Federation has not renewed its efforts. However, while those who are authorized to speak for labor do not approve his ideas, it remains that Ford's methods are much to be preferred above those of Gary and other great employers.

BIRMINGHAM EATS OFF THE WAGE EARNER.

The Birmingham district is essentially a labor district. The great industrial concerns have their local officials, but few of their stockholders live in my city. The community is supported by the wage earners. The great bulk of the money spent there originates in the pay envelopes. Birmingham eats off the wage earner. He is the source of whatever prosperity we may have. Back to his industry may be traced the dollars which constructed our palatial residences, our business blocks, and which lie in the coffers of our banks.

It makes little difference to Birmingham what the profit of the man who owns the works may be. He lives in a distant city and has no local interests. Perhaps he is merely a bondholder who cashes his coupons and never saw Alabama and does not know that Birmingham is on the map.

But every dollar that a wage earner receives is spent at home. It goes to his landlord or his grocer or for other necessities. Those who receive it from him pass it on to the professional classes and to the banks and larger business interests, who are bound by this indissoluble economic tie to the humble workers in the mines and in the mills.

For instance, one of our foundries sells a trainload of pipe to a customer overseas for, we will say, \$20,000. The profit on the sale stops in New York or some other financial center. A small percentage of the cost goes to local company officials, but the bulk is handed to grimy workers in their pay envelopes on Saturday night, and through them my city draws all of the benefit which comes to it from the transaction.

In such a situation local business and commercial interests would be expected to be in full harmony with the wage earners. However, strange to say, in any dispute over wages between the workers and the great concerns which employ them, usually the more important merchants and business men line up solidly

with the nonresident employer. They fight against themselves and their own best economic interests, and this not because merit is on the employer's side, for they make no inquiry as to the merits of the dispute. Impelled by irresistible social and class consciousness, they line up on the employer's side without regard to the righteousness of his position.

While usually elements identified closely neither with labor nor with employers side with the latter in all matters in conflict, this rule does not obtain as to Ford's offer for Muscle Shoals. Practically every business man in my district who is not a large employer recognizes the desirability, from the standpoint of his own interest as well as of the general public welfare, of accepting Ford's offer.

EFFECT ON ALABAMA POLITICS.

I have discussed the labor aspect of Ford's offer for Muscle Shoals from the standpoint of a citizen of Alabama. There is another local slant which this subject has which perhaps may escape those not acquainted with conditions in Alabama. The subject has a local political aspect of high importance.

Alabama in many respects is highly progressive—politically our State is decidedly reactionary. I will not now take the time to state the genesis nor the factors which have produced existing political conditions. It is enough to say that my beloved State is dominated by political influences of a highly reactionary kind. The Alabama Power Co., and other industrial concerns, in combination with reactionaries and selfish politicians, hold Alabama in the hollow of their hands. Life to a public man in Alabama is uncertain and in most cases brief unless he is willing to "listen to reason" with these interests. The Alabamian who aspires to serve his State and country will find his way a path of thorns and his hold on public life precarious if he dares to antagonize the great corporations and the ringsters who are their political partners.

The masses of my State are progressive. They suffer for want of leaders and lack of means to make themselves felt and heard.

The right of suffrage is denied in practical effect to thousands of native-born white persons. In my own county there are probably 100,000 native whites above 21 years of age. Yet the largest vote ever cast was less than 27,000. This is not because of lack of interest, but because our laws are contrived to deny the vote to the poor, the transient, the thoughtless, and those who are too busy in the fields, mines, and shops to qualify. A voter must live two years in the State and one year in the county. He must have paid his poll tax for every year since 1901; a default of a single year disqualifies him. Payment of poll tax is purely voluntary. No one asks it of him. He must hunt up the collector and tender it. It must be paid before February 1 or will not be accepted. He must be duly registered, and the facilities for registration are inadequate. The result is that a majority even of eligible whites are disqualified. I am informed that the congressional district which I represent, among its native-born white population, has the smallest percentage of qualified voters of any district in the United States.

REACTIONARIES THWART PROGRESSIVE MASSES.

Alabama is in urgent need of civic reforms—reforms which can not be achieved under existing political conditions and without more liberal election laws. Despite Ford's "queer" political opinions, he can not join with the Steel Corporation, the Alabama Power Co., and other elements now in control. He can not "lie in the same bed" with them. He will constitute a third angle to the political situation, and on him the progressive masses may rely for help.

But apart from the personal influence of Mr. Ford, the thousands of intelligent operatives which he will assemble at his Muscle Shoals plants will constitute a splendid reinforcement for the progressive elements of my State. Our masses may look to them for help in solving our political problems and making of our State that which as of right, because of its resources and the quality of its people, it ought to be—the greatest State in the Union.

The CHAIRMAN. The gentleman from Iowa [Mr. DICKINSON] is recognized.

Mr. DICKINSON of Iowa. Mr. Chairman, I am in favor of the Burton amendment, putting this project under the Federal water power act, and I expect to vote for it. I do not take any stock in the argument that a vote for this amendment is a vote against Muscle Shoals, against cheap nitrates, or against the interests of the farmer.

If you will put this project under the Federal water power act, you can then make whatever terms you want or whatever conditions you want with reference to the use of power for the manufacture of fertilizer. You can then control, under the

terms of the Federal water power act, the other power that is there developed; and under those conditions the Government can see that the people of that section of the country are protected in the sale of that power and that it is not monopolized, which would be the result if it were put in the hands of one man.

I was greatly interested in the argument of the gentleman from Alabama as to the exceptions or provisos in the Federal water power act. One of them was a stipulation for Government purposes. If this is given to Henry Ford, can it be interpreted as being for Government purposes under any construction of the law? Certainly it can not.

Mr. QUIN. Will the gentleman yield?

Mr. DICKINSON of Iowa. I can not yield, as I have only a short time. I am not going to take up the time of the committee by yielding for questions; I am going to give my views. Gentlemen have been talking for two or three days, and now I want to express myself. Another point was that it was for the development of Government property. No one can say that this Government wants to retain that property and develop it for any purpose other than the use of nitrates during war, and for that purpose it can be acquired at any time, regardless of who has it or under what conditions it may be had.

I was greatly amazed the other day when I read the speech of the gentleman from Illinois [Mr. McKENZIE] in which he referred to the opposition to this bill and that that opposition existed in this little bureau, which was a creature of Congress, and that this bureau is desirous of maintaining its own control over the water-power development of the country. And then he called them a little bureaucratic bureau. Well now, gentlemen, the whole purpose of the water power act was the preservation of the water power of this country which can be used for the benefit of the people, and tell me how you are going to use the power that is created down there for the benefit of the people if you are going to turn it all over to one man to use as he sees fit?

Oh, you are stipulating here for a certain use of this power; that it is to be used for the making of fertilizer, but that is only a small part of the chapter that is to be played down there. The main thing is water power. A little of it will be used for fertilizer, but not nearly all of it. And I want to say to you that whenever you pass this bill with its present provisions, and if you do not amend it so as to put it under the provisions of the water power act, you are going to practically destroy the water power act, for which able men, interested in the preservation of the natural resources of this country, fought for 15 years.

Now, if the act is not perfect, amend it; if it does not contain the proper provisions or put on proper restrictions let us amend it, but we should not follow the suggestion of the gentleman from Alabama in which he says, "Let us give this project to this man and then in due time let us pass a law bringing them all within the provisions of the water power act." I want to say to you that you can not take away from Henry Ford, or his estate or the corporation, he is to organize to carry out the provisions of this contract, one vested right that is put in this contract—not one. Do not think of that theory in the years that are to come, for that can not be done.

The Federal Water Power Commission is not a little bureaucratic commission. It is composed of the Secretary of War, the Secretary of the Interior, and the Secretary of Agriculture, three broad-minded, strong men. I do not believe we want to call them little bureaucrats here on the floor of the House. They are entitled, if you please, to have the provisions of that act carried out in the way that the original act was intended to be carried out.

The Interstate Commerce Commission has control of transportation and the Federal Water Power Commission is going to have control of the distribution of power and the rights thereunder, and that is the only thing we are asking you gentlemen to do here to-day.

I believe you can sell the farmer fertilizer as cheap, and even cheaper, if you will put this bill under the provisions of the water power act, as you can under the provisions of your present bill; and not only that, but then you can say to Henry Ford, "Bring down all of your aluminum factories, bring down all of these other factories, and we will let you have power according to the provisions of this act, and you can then develop your industries."

The CHAIRMAN. The time of the gentleman has expired. The gentleman from Tennessee [Mr. FISHER] is recognized.

Mr. FISHER. Mr. Chairman, this is a contract we are discussing to-day, and the provision in the contract which relates to 100 years ought not to be stricken from it. The Fed-

eral water power act has nothing to do with it. The President of the United States specifically designated, under the authority which was given to him in 1914 in the national defense act, that water power should be used in the nitrate program, and it was an essential part of the program. In the nitrate program there was also included the fertilizer program. They knew they could not go on with the fertilizer program in peace time without having water power, because coal was too expensive.

When the war came on we found that the activities which related to the dam, and related to the nitrate program, were tremendously increased. Water power was always a vital part of that program, and the only reason they built other power houses which furnished power made by coal was because the dam was slower, but it was always in mind that this water power should be used for the manufacture of nitrates for ammunition if we happened to have war, and in peace time for fertilizers.

When the war broke down and the armistice came, the Government was left with over \$100,000,000 worth of property, and this raised the question as to what was to be done with it. As all know there is and has been great opposition to the Government operating the big nitrate plant and carrying out the program to manufacture nitrates there. That property stood idle, and it has cost the Government over \$1,000,000 in upkeep and maintenance since the armistice.

We know that this Congress would never consent to the Government—if this contract should not be accepted—going down there and making and selling fertilizers and making fixed nitrogen at plant No. 2. If the contract is not accepted, think of the cost of maintenance to the Government, because every officer in the Ordnance Department who has testified has said that each year the cost of upkeep, maintenance, and replacement would be approximately \$400,000.

It is the maintenance of the big plant No. 2 in a going condition which we would have to keep for nitrate preparedness, and over a period of 50 years the cost would be over \$20,000,000. Think of the huge amount that would have to be paid by the Government.

Mr. MAYO. The point is if the offer is accepted we will have such a very large investment at Muscle Shoals in the course of the next 10 or 15 years that we could not afford to risk that much of an investment there and run the risk of having the power end of it cut from under your feet at the end of 50 years. (p. 243.)

Mr. MAYO. * * * On account of the size of the project and the immense amount of capital necessary to develop it to such an extent that we can use all the power, Mr. Ford felt that in 50 years he would perhaps only have made a good start. (p. 296.)

The War Department, through the Secretary of War, the Chief of Engineers, and other high officials in the Army, sought broadcast throughout the United States for a great captain of industry to come to the rescue of the United States and make them an offer to take these great projects. They found none. No one wanted to take this heavy burden that was caused by the war off the shoulders of the United States, and the waste and expense continued. The Government, through its agents and representatives, sought this great man, Henry Ford, who here to-day offers to take this burden off of the shoulders of the Government and develop this country as has never been dreamed of before. We find he came down here, and in conference with the War Department and in the Judge Advocate General's department his representatives and officers of our Army drew up a tentative contract, or a tentative offer, and there the question was discussed of how long the lease should run; and right then and there the Government, through its representatives, wrote into the contract, as Mr. Ford had said he would have to have it if he made an offer at all, 100 years, which was to be the life of the lease; and when that contract was redrafted and sent to our committee it had in it the same 100-year clause; and when the hearings were held before the committee Mr. Ford's representatives came before it, and I have the statements that were made by Mr. Mayo, his representative, which I will insert in the Record, in which he said that if the offer was accepted, the plans of the company were so immense that 50 years would not give them time; that they expected to spend \$40,000,000 or \$50,000,000 on the development of that country. Think what that means. He said 50 years would not give them sufficient time. They want to develop water reservoirs in the mountains of east Tennessee, so that the water power which is now more or less limited may be doubled in capacity.

The CHAIRMAN. The time of the gentleman has expired. Mr. McKENZIE and Mr. CHINDBLOM rose.

The CHAIRMAN. The gentleman from Illinois [Mr. McKENZIE] is recognized.

Mr. McKENZIE. Mr. Chairman, I ask unanimous consent that debate on the pending amendment close in 25 minutes, 10 minutes for the gentlemen favoring the amendment and 15 minutes for those opposing the amendment. Mr. Chairman, the opposition has had more time than we have had on this amendment, and I do not want to take any more time than necessary.

Mr. GARRETT of Tennessee. Mr. Chairman, I want to say to the gentleman that I have some remarks I want to make upon the proposition, and I doubt if I am going to be able to conclude in five minutes. I rather think it will take seven or eight minutes, although I will try to get along with five minutes.

Mr. McKENZIE. Mr. Chairman, I ask unanimous consent to modify that request by making it 35 minutes, 15 minutes to be used by those opposed and 15 minutes by those in favor of the amendment, and that I have 5 minutes to close the discussion.

Mr. GARRETT of Texas. Will the gentleman make his request apply to the section and all amendments thereto?

Mr. McKENZIE. No; we can not do that.

Mr. HILL of Maryland. Mr. Chairman, reserving the right to object, that makes 20 minutes against the amendment and 15 minutes in favor of the amendment.

Mr. McKENZIE. Mr. Chairman, I would be glad to give the gentlemen 20 hours on each side if there was nothing to it but time, but I realize that the membership of the House is getting somewhat weary of this discussion and I would like to hurry along with the bill.

Mr. BYRNS of Tennessee. Reserving the right to object, does the gentleman's request apply only to the amendment or to the paragraph?

Mr. MORIN. To the pending amendment.

Mr. McKENZIE. To the pending amendment, which is the Burton amendment.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that all debate on the pending amendment close in 35 minutes. Is there objection?

Mr. HILL of Maryland. Mr. Chairman, reserving the right to object, I shall not object if the request is 20 minutes, to be controlled by the gentleman from Illinois [Mr. McKENZIE] and 15 minutes by the gentleman from Iowa [Mr. HULL].

Mr. LONGWORTH. You can not do that in Committee of the Whole.

Mr. McKENZIE. That is understood, however.

The CHAIRMAN. The gentleman from Illinois modifies his request and asks unanimous consent that all debate on the pending amendment be closed in 35 minutes, 20 minutes to be controlled by the gentleman from Illinois and 15 minutes by the gentleman from Iowa [Mr. HULL].

Mr. HOWARD of Nebraska. Mr. Chairman, reserving the right to object, I would like to ask the gentleman in charge if I may have an opportunity to move to strike out, maybe, the next to the last word and get a chance for my white alley here?

Mr. McKENZIE. I will say to the gentleman that after we vote on the pending amendment he can then offer another amendment.

Mr. HOWARD of Nebraska. But, perhaps, I may like to speak to the amendment. I do not object, Mr. Chairman.

Mr. LONGWORTH. Mr. Chairman, a parliamentary inquiry. I doubt whether it is in the power of the committee to assign control of time in Committee of the Whole. I think the request should be that the debate should close at a certain time, and gentlemen will take the floor in their own right.

Mr. McKENZIE. In order that there may be no misunderstanding, I desire 5 minutes for the gentleman from Washington [Mr. MILLER], 10 minutes for the gentleman from Tennessee [Mr. GARRETT], and 5 minutes for myself; and 15 minutes to be divided, 8 minutes to the gentleman from Maryland [Mr. HILL] and 7 minutes to the gentleman from Illinois [Mr. CHINDBLOM].

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois that debate on the pending amendment be closed in 35 minutes? [After a pause.] The Chair hears none.

Mr. McKENZIE. Mr. Chairman, I yield five minutes to the gentleman from Washington [Mr. MILLER].

Mr. MILLER of Washington. Mr. Chairman and gentlemen of the committee, I was a member of the Military Affairs Committee during the consideration of the Ford offer. I come from the most remote corner of the United States and have a little personal interest in the disposition of the United States properties at Muscle Shoals as any Member on the floor of the House. I went into this investigation of the Ford offer last

year with something of an opposition to the offer, but the further I pursued the matter and the more interest I took in it, the more I became convinced that it was to the interest of the United States Government to accept the offer of Henry Ford. [Applause.]

The Tennessee River where this power plant is situated falls 132 feet in 37 miles. There are two dams 17 miles apart. The Tennessee River has been there since the beginning and no private capital in America has ever thought for one instant of going into the improvement of it at this point because the expense is so enormous.

The river there is a mile wide and it flows over a limestone ledge. You and I could walk across that river in an ordinary flow of the water. The expense is so great to build this enormous dam that private capital would never touch it and would not touch it to this day. Henry Ford's offer was made last year. In 1920 the water power act was passed. Nobody has applied to the United States Government under the national water power act to improve the Tennessee River at Muscle Shoals for the generation of hydroelectric power up to this good hour. They will not touch it. The United States Government is hooked good and hard at Muscle Shoals. It has \$140,000,000 invested there. You can not apply the enterprise of the Government at Muscle Shoals with any water-power site in America.

If you strip this offer and limit it to 50 years, make it under the national water power act, you will kill the Henry Ford offer that quick. [Applause.] I would rather see the Henry Ford offer turned down as a whole than to see it butchered piecemeal and put in such a condition that Ford and his associates would not accept it.

I fear that some Members who have spoken on this subject fail to appreciate the enormous interest involved in this project, and I am almost afraid that some of them have never had to do with great, substantial interests in the country. There have been various amendments proposed putting in a forfeiture clause. Whoever heard of a \$10,000,000 proposition with a forfeiture clause in it? Nobody in the world would put such a sum of money into any enterprise with a forfeiture clause tacked onto it.

Mr. SPROUL of Kansas. Will the gentleman yield?

Mr. MILLER of Washington. No; I can not yield; I have too little time. My idea is that if the Government is ever going to dispose of the Muscle Shoals enterprise, Henry Ford is the only man in the United States who will take it. None of these gentlemen talking about this great water power have made a proposition in good faith to handle and develop it, except they leave the maintenance of the great cyanamide plant at the expense of the United States Government. [Applause.]

The water power is not the only feature of the Ford offer; it is not the only element. Up to the time Mr. Ford made his offer, not a man or a company, either water-power companies or fertilizer companies, would touch the Muscle Shoals proposition. For months the Secretary of War and the Chief of Engineers sought in vain for some one, somebody, to submit an offer. The water-power interests were as silent as a grave; the fertilizer interests equally quiet. After Ford came in with his offer, the power companies and the fertilizer companies began to stir themselves, with the result that one power company submitted a sort of an offer that no man could for a moment consider. When the last Congress adjourned, without taking any definite action on the Ford offer, and everyone thought he had dropped the matter, the power company sank back into its silence. When, to their surprise, the offer was again taken up at this Congress, the power company and the fertilizers came back to life. An amalgamation of several power companies was formed recently, and this combination has put in a tentative bid. But this bid contains no promises of possible advantage to the Government. In my judgment, it is submitted only for the purpose of undertaking to delay, if not to ultimately defeat, the Ford offer. This is the reason I say no private capital will touch the Muscle Shoals proposition. This combination of power companies do not want the property, but they do not want Ford to have it. The reason is obvious.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. CHINDBLOM. Mr. Chairman, I apprehend that I find myself in pretty much the same position on this bill as most of those Members of this House who have not had the good fortune to study the subject specifically in a committee of which they are members, or by gentlemen who find themselves interested by reason of the locality of the vicinity in which Muscle Shoals is located. I say that without any intention of reflecting on those who have a local interest. We all have local interests. I have an interest in my community and you have a

right to have an interest in the locality where you live and in the development with which you are concerned.

To the average Member of this House, to the average citizen, this proposition will appear, it seems to me, about in this fashion: Here is an enormous water power which is more than a natural resource. It is not entirely a natural resource. Water-power development there is artificial; it has been created by an expenditure of \$100,000,000 of the people's money. There are no natural falls at Muscle Shoals which will produce water power. We are artificially creating a water power. There are two dams 17 miles apart, and the fall in the river is only 132 feet in a distance of 37 miles, and this water-power project has been developed at a cost of over \$100,000,000, and we are now to turn it over to a very distinguished gentleman, a very worthy gentleman, under very extraordinary conditions. We are to reverse the policy which this Government announced, which this Congress announced, after many years of labor in the matter of natural resources—we are to reverse the policy established by the water power act of June, 1920, and give a lease of the property upon extraordinarily liberal terms for a period of 100 years. For myself, I can reach no other conclusion than that it becomes my duty to support the proposition of the gentleman from Ohio [Mr. BURTON], and, in fact, I gave notice last evening, immediately prior to adjournment, that I proposed to offer an amendment, on page 18, reading very much like the proposal of the gentleman from Ohio, except that it goes some distance further. The amendment I propose is this:

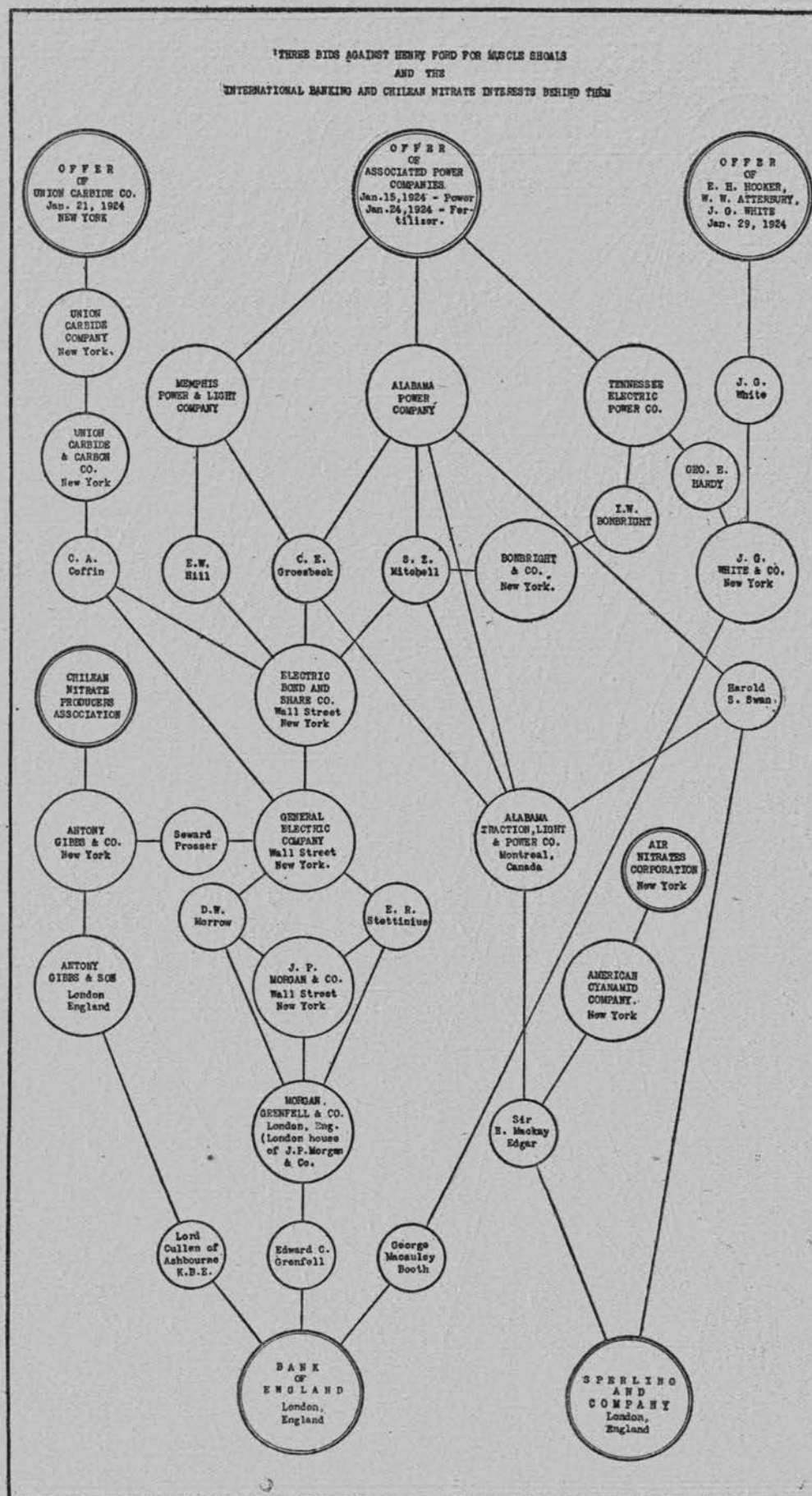
Page 18, line 19, add a new section, as follows:

"That in the exercise and enjoyment of all rights acquired under this act, Henry Ford, his heirs, representatives, and assigns, and the company, its successors and assigns, shall, so far as applicable, be subject, except as herein specifically otherwise provided, to all the terms, provisions, obligations, restrictions, and limitations of the Federal power act of June 10, 1920."

We heard some rather persuasive arguments a moment ago to which, perhaps, some further attention might be given. One was that we ought to support this proposition because it would be antagonistic to a certain monopolistic situation in the State of Alabama; because it would tend to alleviate and relieve the labor situation of Alabama; because it would give power to those who desire to make a successful battle against the domination of a vicious political machine in the State of Alabama.

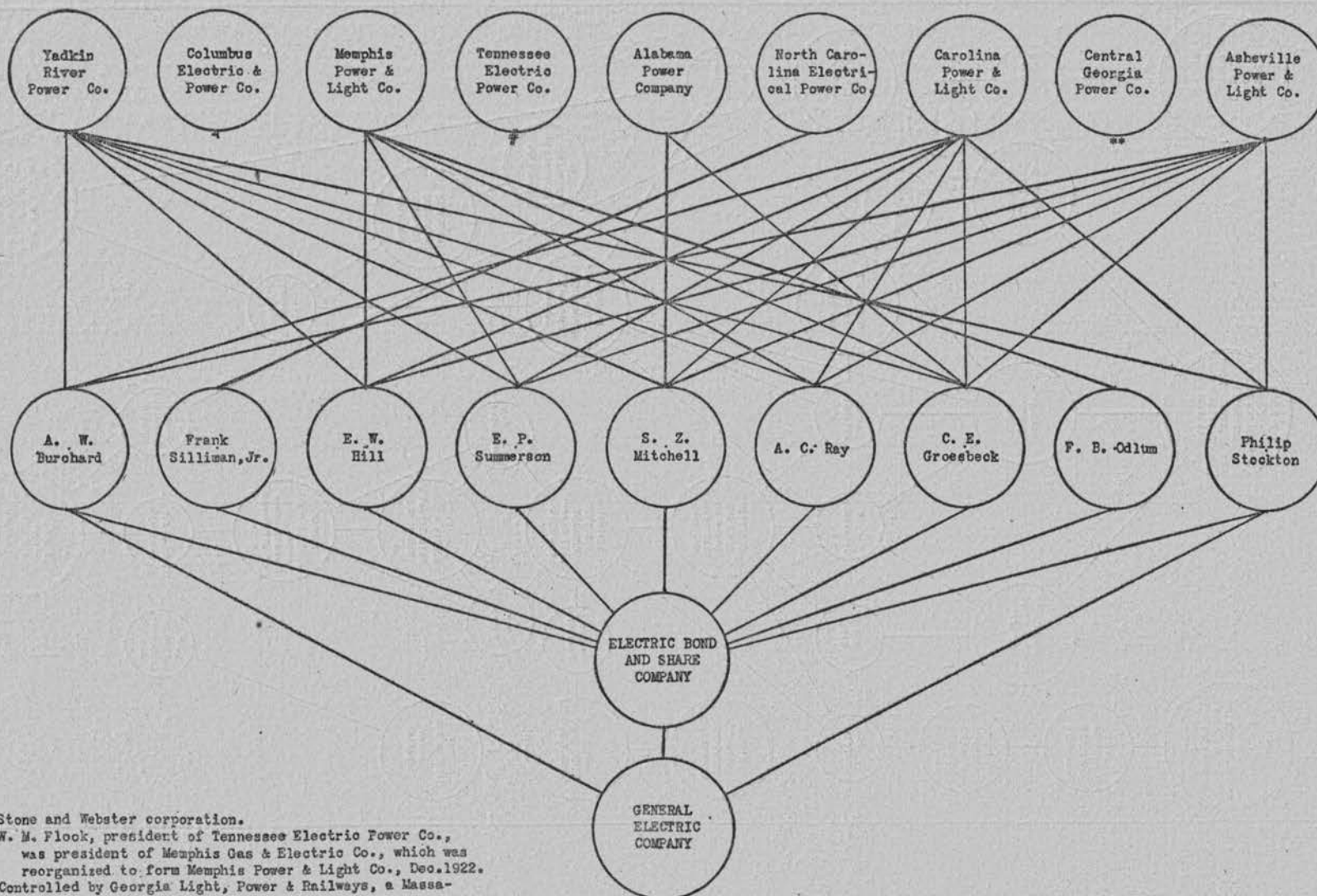
Now, I submit in all candor and earnestness, are those considerations upon which the Congress of the United States should recede from the policy established with reference to the conservation of its natural resources and go into a particular neighborhood for the purpose of giving extraordinary benefits and opportunities to men of capital, no matter how capable they may be? Ah, no. The principal question here, to my mind, is whether sufficient argument has been adduced to vary the policy and the principle and the theory of the Government's policy of conservation of natural resources which we proclaimed and which we fixed in the Federal power act of June, 1920. You may find it easy, gentlemen, to satisfy your own consciences and your own judgments that this should be done because of the proximity of the interests involved, but to the great mass of the people and to the great mass of the membership of this House, I dare say, a sufficient argument has not yet been adduced to show any adequate reason why we should deviate from the established policy of this Government on that subject. Whether this project ultimately will serve the issue of national defense in the manufacture of atmospheric nitrogen by the fixation process or any other process is a matter of very grave doubt. There have been statements made in debate, particularly by the gentleman from Ohio [Mr. BURTON] and by the gentleman from Maryland [Mr. HILL], which show the present situation upon that subject. I had an opportunity myself last summer to get into close contact and intimate acquaintance with a project in Norway where nitrogen has been produced by the fixation process. They have a perpendicular fall of 1,500 feet, as the result of which they are able to use the fixation process, and the engineers in the Old World tell you that in no other place, probably, would it be possible to produce nitrogen by the fixation process so advantageously as in such a place, where nature herself has created extraordinary conditions.

Mr. GARRETT of Tennessee. Mr. Chairman, the amendment which is pending has been very fully discussed, although the arguments made upon it are not sufficient to satisfy my friend from Illinois [Mr. CHINDBLOM], who has just left the floor. There is really nothing that can be added to the statements touching this tenure that have been made heretofore by the gentleman from Illinois [Mr. McKENZIE], the gentleman



INTERLOCKING DIRECTORATES OF POWER COMPANIES OPPOSING HENRY FORD

These Nine Companies, in a letter to O. C. Merrill, Executive Secretary of the Federal Power Commission, proposed that one or more of them would make an offer for Muscle Shoals. Three of them did make an offer for the group. These were the Alabama Power Co., the Tennessee Electric Power Co., and the Memphis Power & Light Co. Their offer is found in the Hull Bill, H. R. 6781, introduced Feb. 8, 1924.



* Stone and Webster corporation.

W. M. Flock, president of Tennessee Electric Power Co., was president of Memphis Gas & Electric Co., which was reorganized to form Memphis Power & Light Co., Dec. 1922.

** Controlled by Georgia Light, Power & Railways, a Massachusetts corporation.

Recapitulation sheet to accompany graphic entitled "Three bids against Henry Ford for Muscle Shoals and the international banking and Chilean nitrate interests behind them"

[This information has been gathered from Poor's and Moody's Manual of Public Utilities, Directory of Directors for New York, Stock Exchange Official Intelligence of London, and Directory of Directors for the United Kingdom]

	Alabama Power Co.	Alabama Traction, Light & Power Co., (Ltd.), Montreal (controls Alabama Power Co.).	Antony Gibbs & Co., New York (controlled by Antony Gibbs & Sons).	Antony Gibbs & Sons, London, England.	Bank of England, London, England.	Bonbright & Co., New York.	Electric Bond & Share Co. (subsidiary of General Electric Co.).	General Electric Co., New York.	Memphis Power & Light Co.	Morgan Grenfell & Co., London (J. P. Morgan house).	Morgan, J. P., & Co., New York.	Sperling & Co. (bankers), London, England.	Tennessee Electric Power Co.	Union Carbide & Carbon Co. (controls Union Carbide Co.).	White, J. G., companies.	Other interesting connections.
Bonbright, Irving W., 25 Nassau Street, New York.						Chairman board of directors.							Director.			Director in numerous small power companies.
Booth, George Macaulay, London, England.					Director.		Director.	Director.						Director.		Director in Thomson-Houston connections of General Electric Co., at London and Paris.
Cullen, Lord of Ashbourne, London, England.				Director.	Director.											
Edgar, Sir Edward Mackay, London, England.		Chairman board of directors.										Director.				Director Mississippi River Power Co. (of which Hugh L. Cooper is vice president); American Cyanamid Co.
Grenfell, Edward C., London, England.					Director.					Partner.						
Groesbeck, C. E., 71 Broadway, New York.	Director	Director.					Vice president and director.	Director.								Director Asheville Power & Light Co., and of Yadkin River Power Co.
Hardy, George E., 14 Wall Street, New York.													Director.		Director.	
Hill, E. W., 71 Broadway, New York.							Director.	Director.								Director Asheville Power & Light Co., Carolina Power & Light Co., and Yadkin River Power Co.
Mitchell, S. Z., 71 Broadway, New York.	Director	Director.				Director.	President and director.									President Electric Utilities Corporation (General Electric subsidiary); director Asheville Power & Light Co., Yadkin River Power Co.
Morrow, Dwight W., 23 Wall Street, New York.								Director.		Partner.	Partner.					
Prosser, Seward, 16 Wall Street, New York.			Director.					Director.								Chairman board of directors, Bankers Trust Co., director General Motors Corporation.
Stettinius, E. R., 23 Wall Street, New York.								Director.		Partner.	Partner.					Director General Motors Corporation.
Swan, Harold S., 120 Broadway, New York.	Director	Director.										Director.				Director Southern Manganese Corporation.

NOTE ON ANTONY GIBBS & SONS

Report by Charles J. Brand, of the Department of Agriculture, issued June, 1923, on a special investigation of the position of Great Britain in the Chilean nitrate of soda trade, contains the following:

"In the merchant group the most important in order of their importance of those located in London are Antony Gibbs & Sons," etc.

"In theory, the actual fixing of prices is done by a committee of 16 members, elected from the important operators who conduct the oficinas in Chile. In addition to these producers' representatives, the Chilean Government designates four members of the committee. The governmental members, in fact, have very little voice in the fixing of the price.

"The larger committee, thus composed of 20 members, has a subcommittee which is resident in London and is made up of selected representatives of the British nitrate houses. * * * Practically, the London subcommittee, known as the Chilean Nitrate Committee, recommends to the whole committee in Chile what prices shall be, and its recommendation is almost invariably adopted. This is an interesting situation from an American standpoint, as the United States purchases about 50 per cent of all the nitrate exported from Chile and has no voice whatever in the fixing of prices."

(A report from the American consulate general, Santiago, Chile, Aug. 11, 1922, states H. C. Gibbs of Antony Gibbs & Sons, London, was the representative of the London committee who went to Chile and negotiated with the producers and the Chilean Government for an agreement to relieve the nitrate distress in Chile in 1922.)

from Illinois [Mr. MADDEN], the gentleman from Michigan [Mr. JAMES], the gentleman from Alabama [Mr. OLIVER], and other gentlemen who have discussed the question. I do not criticize the gentleman from Ohio [Mr. BURTON] for presenting the amendment. He is perfectly within his rights, and he did a very logical thing. He is opposed absolutely to the proposition, and therefore he takes the method of presenting an amendment which he understands and which every other Member of the House should understand means, if it be adopted, the defeat of the proposition. We need not deceive ourselves about that. Therefore it seems proper that at this time there should be laid before the committee certain conditions that exist, that have not yet been fully presented, so far as I have heard, in the course of the argument.

The head and front of the opposition to the Ford offer is the Alabama Power Co.; not that it is conducting the fight alone, but because it has been put in the lead to undertake to destroy the proposition. That company is the company which during the days of the war took advantage of the Government's necessities and in the hour of the country's trial and tribulation forced upon the Government an unconscionable contract. That company is controlled by its common stock, and that common stock is owned by a Canadian corporation. I have before me a chart, which I see is being distributed among the members of the committee, and I hope gentlemen will glance at it for a moment. The first sheet shows the interlocking connections between the several power companies that made the last offer, or alleged offer, on the Muscle Shoals project, the Alabama Power Co. and the associated companies, and gentlemen who will follow the lines on that chart will see how these companies are interlocked and how they lead down finally through the Electric Bond & Share Co. to the General Electric Co. If gentlemen will then turn to the second chart they will find three firms, each occupying a larger circle, which have made offers, the central circle being occupied by the Associated Power Cos., of which the head and front, as I have said, is the Alabama Power Co. The offer upon the right is that of E. H. Hooker, W. W. Atterbury, and J. G. White. That upon the left is the offer of the Union Carbide Co. If gentlemen will follow the lines of those various offers through the different circles and through the individual names that are mentioned in the circles they will observe the way by which, through this system of interlocking directorates, the Alabama Power Co. leads back through this Canadian corporation to the Bank of England and to Sperling & Co., of England. Then if gentlemen will look to the middle of the left-hand side they observe the Chilean Nitrate Producers' Association. That has made no offer, but that is the concern from which this country is buying all of the nitrates used in fertilizer.

If gentlemen will follow the lines of that they will find that it goes through Antony Gibbs & Co., of New York, Antony Gibbs & Son, of London, England, Lord Cullen, of Ashbourne, back to the Bank of England. So you have the united power companies of the United States and the concern from which we obtain all of the nitrates that we now use, both in time of peace and time of war, leading back to two English concerns.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GARRETT of Tennessee. It seems to me, therefore, gentlemen of the House, that it is about time to have an American firm upon this American matter. I yield to the gentleman from Ohio.

Mr. MORGAN. Is it not a further fact that this English corporation controls the transportation of this product, the nitrate of Chile, through William R. Grace & Co., of New York?

Mr. GARRETT of Tennessee. I can not say about the control of the transportation through the concern the gentleman mentions, but it is undoubtedly true that now, since Germany became independent herself as to nitrates during the war, there has been left to England the great control over all Chilean nitrates so far as production and marketing of it are concerned.

The gentleman from Iowa [Mr. HULL] referred to the fact that he had never been able to talk to Mr. Ford about this proposition. One of the things that has struck me with very great favor about this matter is that so far as I know no Member of Congress has ever had an opportunity to talk with Mr. Ford about the proposition, and he has never sought an opportunity to confer with any Member of Congress concerning it. I wish that these other companies that are fighting it could be in as favorable a situation in so far as keeping their hands off as Mr. Ford is. [Applause.]

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. GARRETT of Tennessee. Then, under the leave granted for extension, I insert the charts with certain explanatory statements.

THE INTERNATIONAL NITRATE TRUST

Antony Gibbs & Sons, who have a direct connection with the General Electric Co., as shown in the accompanying diagram, are named in a special report of the Department of Agriculture issued in June, 1923, as the most important of the London members of the international group interested in nitrate of soda. Not only are they the most important of the great London nitrate firms, but they are the most important firm supplying the French trade and own outright one of the principal distributors of nitrate in this country—the American firm of H. J. Baker & Bro.

In 1919 Antony Gibbs & Sons took the leadership in the organization of the Chilean Nitrate Producers' Association, an international trust whose principal purpose is to fix the price at which nitrates may be sold.

Quoting from the report:

In theory the actual fixing of prices is done by a committee of 16 members elected from the important operators who conduct the "oficinas" (nitrate factories) in Chile. In addition to these producers' representatives the Chilean Government designates four members of the committee. The governmental members, in fact, have very little voice in the fixing of the price.

The larger committee, thus composed of 20 members, has a subcommittee which is resident in London and is made up of selected representatives of the British nitrate houses . . . practically the London subcommittee, known as the Chilean Nitrate Committee, recommends to the whole committee in Chile what prices shall be, and its recommendation is almost invariably adopted. This is an interesting situation from an American standpoint, as the United States purchases about 50 per cent of all the nitrate exported from Chile and has no voice whatever in the fixing of prices. (Report of Charles J. Brand, consulting specialist in marketing, United States Department of Agriculture, entitled "The Position of Great Britain in the Chilean Nitrate of Soda Trade.")

Mr. HILL of Maryland. Mr. Chairman, I ask unanimous consent that the pending amendment be again reported.

The CHAIRMAN. Without objection, the amendment will be again reported in the gentleman's time.

The Clerk read as follows:

Amendment by Mr. BURTON:

Page 2, line 23, after the words "United States" insert the words "under the terms of the Federal water power act."

Page 3, line 2, strike out the words "one hundred" and insert in lieu thereof the word "fifty."

Mr. HILL of Maryland. Mr. Chairman and gentlemen of the committee, neither the Committee on Military Affairs, the Members supporting the Ford offer, nor those opposing the Ford offer have had an opportunity to investigate the facts so graphically set forth in the charts which were just distributed throughout this Chamber and which purport to show the interrelations of the Tennessee Electric Power Co., the Memphis Power & Light Co., the Alabama Power Co., and various other corporations. As far as I am concerned I know nothing about the interlocking of these various corporations or about the corporations themselves except what appears in the hearings before the Military Affairs Committee; but it might be well for me to say, so far as I know, neither one of the members of the Committee on Military Affairs by the name of HILL, neither the gentleman from Alabama nor myself, know anything about nor have ever had anything to do with Mr. E. W. Hill, whose name appears on these papers as interested in one of these companies.

The gentleman from Tennessee [Mr. GARRETT] said it was well known that the acceptance of this particular amendment, the amendment offered by the gentleman from Ohio [Mr. BURTON] to place this project under the Federal water power act, would mean the defeat of the Ford proposition. If the adoption of this amendment and adherence thereby to the deliberately accepted policy of the United States, accepted after mature consideration, for the conservation of the national resources, should result in a defeat of the Ford proposition, it ought to result in that defeat. [Applause.]

I knew nothing of any of these companies, neither the Alabama Power Co. nor any of them, until the Committee on Military Affairs took up for consideration this offer; but for over two years this committee has studied this question. I do not in any way attempt to depreciate the extraordinary enthusiasm of the gentlemen who favor the Ford offer. I speak merely as a member of the committee who for two years made

a study of the question. At the end of the last Congress the views of the minority were expressed in a very able report submitted by the gentleman from Ohio [Mr. KEARNS]. Our views are practically the same to-day—that neither nitrate plant No. 1 nor nitrate plant No. 2 should be sold. They cost the taxpayers of this country too much money. They ought to be leased, together with the hydraulic electric power created by Dam No. 2, and this lease ought to be made under the Federal water power act. Now, the gentleman from Tennessee states that if you adopt the Burton amendment you defeat the Ford offer.

I have heard that suggestion raised, not by the gentleman from Tennessee but by certain members of the Committee on Military Affairs, in the last two years in reference to every proposal for change in the Ford offer that has been made. In spite, however, of this repeated protest we have caused from time to time changes or modifications of the Ford offer, and I can here show you the hearings and suggest to you that in spite of what has been repeatedly stated we still have the Ford offer with us, and to predict that even if the Burton amendment is adopted and you put this project under the Federal water power act Henry Ford and his interests will still jump at and grab at Muscle Shoals.

I desire to call to your attention the fact that there have been several Ford offers. There was the Ford offer on the 25th day of January, 1922, that we considered seriously and which itself was a modification of a previous offer. That offer was abandoned in certain particulars after hearings before our committee, and there was afterwards substituted the offer of the 31st of May, 1922, which we now have under consideration. Now, gentlemen, please mark this: As a direct result of the criticism and antagonism of the Committee on Military Affairs, as shown in the hearings on this proposition, Mr. Ford, through his agent, Mr. Mayo, abandoned the provisions contained in section 17 of his 25th of January offer by which he attempted to secure a perpetual extra right after the first 100 years. I ask you to direct your attention to page 16 of the original hearings.

Section 17 of the offer of January 25, 1922, provided:

17. In order that said company may be supplied with electric power and the farmers with fertilizers after the termination of the said 100-year leases, should the United States elect not to operate said power plants but determine to lease or dispose of same, the company shall have the preferred right to negotiate with the United States for such lease or purchase and upon such terms as may then be agreed upon. If the said leases are not renewed or the property covered thereby is not sold to said company, its successors or assigns, any operation or disposal thereof shall not deprive the company, its successors or assigns, of the right to be supplied with electric power at reasonable rates and in amount equal to its needs, but not in excess of the average amount used by it annually during the previous 10 years.

Note the second paragraph of this section. The Ford representative at first insisted upon it, as they did at the same time in the 100-year original term, but they dropped it. They dropped it because of the following opposition in the Committee on Military Affairs. Mr. Mayo said Mr. Ford would not consider a 50-year franchise. He also said Mr. Ford wanted the "preferred" claim after the 100 years. He dropped the latter, and if you make the term 50 years under the Federal water power act Mr. Ford will accept it.

I ask your careful consideration of the following questions I asked Mr. Mayo when he appeared before the Military Affairs Committee as agent for Mr. Ford on February 14, 1922:

Mr. FIELDS. Do you care to express a positive opinion, Mr. Mayo, as to whether Mr. Ford would consider the Muscle Shoals proposition under a 50-year franchise?

Mr. MAYO. No, sir; Mr. Ford would not consider it.

Mr. HILL. Mr. Mayo, this question depends particularly on the duration of this franchise. Will you please turn to paragraph 17 of Mr. Ford's amended offer, at the top of page 18? That paragraph reads as follows:

"In order that said company may be supplied with electric power and the farmers with fertilizers after the termination of the said 100-year leases, should the United States elect not to operate said power plants but determine to lease or dispose of same, the company shall have the preferred right to negotiate with the United States for such lease or purchase and upon such terms as may then be agreed upon."

As I understand it, that means at the end of the 100-year period?

Mr. MAYO. Yes, sir.

Mr. HILL. And it is your opinion that Mr. Ford would not make this proposition except on a 100-year period basis?

Mr. MAYO. Yes, sir; that is correct.

Mr. HILL. Paragraph 17 continues:

"If the said leases are not renewed or the property covered thereby is not sold to said company, its successors, or assigns, any operation or disposal thereof shall not deprive the company, its successors, or assigns of the right to be supplied with electric power at reasonable rates and in amount equal to its needs but not in excess of the average amount used by it annually during the previous 10 years."

As I read that it looks to me as if after the 100-year period, should this proposition be accepted, there is a perpetual right on the part of the company or its successors or assigns to be provided with an amount of power equal to its needs, not in excess of the average amount used by it annually during the previous 10 years. My construction is that beyond the 100-year period there is an absolutely perpetual, prior claim by this company on the United States Government to be furnished with that amount of power. What is your view on that?

Mr. MAYO. The thought in framing that paragraph was that we would have a very large investment built up around the dams, and that it would not be fair to the company to take the power from under their feet and give it to some one else; but they should have a preferred claim, everything else being equal.

Mr. HILL. Now, then, that paragraph, according to Mr. Ford's intention, means that after the 100-year period, if it is not arranged that his interests or the successors of his company shall buy the property, he will have a perpetual right to get indefinitely and have a first lien on the power that is produced there, not to exceed the average amount used annually in the previous 10 years.

Mr. MAYO. He thought he ought to have it, everything else being equal.

Mr. HILL. That is a very unusual arrangement; it is one I had not noticed before. Here is the proposition which he puts up, as I understand it: It does not make any difference what the ultimate disposition is, his company has a perpetual first claim on the plant after the 100-year period; is that not right?

Mr. MAYO. Yes, sir.

Mr. HILL. Do you think it is a proper thing for the United States Government to tie itself up in reference to this plant forever?

Mr. MAYO. I think so. I do not see that they can lose anything by doing so. They can always exact of him whatever they could get from anybody else.

Mr. HILL. Does Mr. Ford put very much stress on this clause relating to after the 100-year period?

Mr. MAYO. I think so. He will have built up a plant to absorb all the power, and if you took the power away from him the plants would have no value.

Mr. HILL. As I understand this proposition, if at the end of 100 years Mr. Ford's company is not allowed to purchase this plant they have still in perpetuum a prior lien on the output of this plant up to its full capacity, not in excess of the average annual amount which he has taken for the previous 10 years.

Mr. MAYO. Yes, sir.

Mr. HILL. In other words, it is indefinite, forever.

Mr. MAYO. Yes; but the terms are to be agreed upon.

Mr. HILL. This clause does not say so.

Mr. MAYO. I thought it did. It says "upon such terms as may then be agreed upon."

Mr. HILL. No; it says—

Mr. MAYO (interposing). The thought was that he should get the power at the going rate which anybody else would pay for it at that time.

Mr. HILL. But it gives him a prior lien.

Mr. MAYO. As I read it, it only gives him a preference, at a rate to be agreed upon.

Mr. HILL. My thought was that Mr. Ford did not intend to tie the United States Government up forever.

Mr. MAYO. It was not meant to tie them up. He figured he had a very large investment there and that he ought to have a preference at an equal rate.

Mr. HILL. Let me read this clause to you: "If the said leases are not renewed or the property covered thereby is not sold to such company, its successors or assigns, any operation or disposal thereof shall not deprive the company, its successors, or assigns, of the right to be supplied with electric power at reasonable rates and in amount equal to its needs, but not in excess of the average amount used by it annually during the previous 10 years."

Suppose in the previous 10 years the company used every ounce of power, and then suppose that the 100-year lease terminates, and suppose the United States wants to use this plant for its own purposes. As I read that provision of the lease the United States is bound forever to continue to give to this company this prior right on that amount, so that the United States could not use it for any other purpose; is that not your understanding?

Mr. MAYO. On the basis of reasonable terms.

Mr. HILL. I am not talking about the terms; I am talking about the amount. There is no option as to the amount.

Mr. MAYO. I understand exactly what you mean. That paragraph was put in there in fairness only. If we were using 100 per cent of the power when the 100-year period lapsed, although we had used only 75 per cent during the prior 10 years, we would have the right to ask for only 75 per cent of it.

Mr. HILL. It seems to me this is rather important, and I would like to get it clear. If, say, in the previous 10 years of the contract, from the ninetieth to the one-hundredth year, this company or its successors or assigns uses every kilowatt of power, and then, after that, if the United States decides not to sell to them, then that company or its successors or assigns has a prior claim on the output of the plant; is that not right?

Mr. MAYO. It says "reasonable rates" to be made at that time.

Mr. HILL. Subject to rates, but not as to amount.

Mr. MAYO. It would cover the whole amount, if we had used the whole amount the last 10 years.

Mr. HILL. Is not that, then, a virtual disposition in perpetuity of this property to that company?

Mr. MAYO. At reasonable rates; yes, sir.

Mr. HILL. Forever?

Mr. MAYO. At reasonable rates.

Mr. HILL. Leave the rates out.

Mr. MAYO. Oh, but the rates come in.

Mr. HILL. No; they do not.

Mr. MAYO. I think they do.

Mr. HILL. Does this not contemplate an agreement that whether at the end of the 100 years or not the United States decides not to sell to this company, that company, under certain conditions, shall be entitled to all the output forever, irrespective of anything except the fixing of rates? Is that clear? My own thought was that this particular paragraph did not mean what it appears to mean, because that had not been raised before.

Mr. MAYO. The intent is that after the 100-year period has lapsed the company has the right to get the same amount of power that they have been using the last preceding 10 years at a reasonable rate.

Mr. HILL. Forever?

Mr. MAYO. Yes; subject to agreement.

Mr. HILL. I do not see anything like that here; I see the absolute grant of a perpetual first lien on the purchase of this company, and I want to ask if that is the intention of this offer?

Mr. MAYO. In the third line of the paragraph it says, "the preferred right to negotiate."

Mr. HILL. Yes; I see that. Paragraph 17 is made up of two parts, and the first part takes up the possible sale to this company.

Mr. MAYO. And upon such terms as may then be agreed upon.

Mr. HILL. That is the sale.

Mr. MAYO. It says "for the lease or purchase."

Mr. HILL. That ends with the word "upon." I invite your attention to the following words: "If the said leases are not renewed or the property covered thereby is not sold to said company, its successors or assigns, any operation or disposal thereof shall not deprive the company, its successors or assigns, of the right to be supplied with electric power at reasonable rates and in amount equal to its needs, but not in excess of the average amount used by it annually during the previous 10 years."

The point I have especially in mind in connection with that is this: Suppose at the end of this 100-year period it has become obvious to the people of the United States that the United States should own all its great water powers and control them itself, and dispose of them itself, in its own way, dispose of the products of them. That is not an inconceivable thing?

Mr. MAYO. No, sir.

Mr. HILL. As I read the second part of paragraph 17, there is conveyed there an absolute right, the taking away of which would be a violation of the guaranties of the Constitution, which gives this company a prior claim on the output of this particular project. I want to ask if that is the intention? It seems to me it is.

Mr. MAYO. The Government is the owner of this dam for the 100 years, is it not?

Mr. HILL. The Government would be the owner after the 100 years?

Mr. MAYO. No, sir; they are always the owner.

Mr. HILL. Oh, yes; but there is a lease up to the 100-year period?

Mr. MAYO. Yes, sir.

Mr. HILL. What I mean to say is that although this appears to be only a lease up to 100 years, it is practically a grant in perpetuity, absolutely, without the 100-year period?

Mr. MAYO. But in that time, if it should be decided that the Government should own its water powers, it always owns this one, and it seems to me this would be subject to the same rules and regulations under which they would sell their power from other dams.

Mr. HILL. But you would have a preferred claim on the output?

Mr. MAYO. We think we should have.

Mr. HILL. You think that under this contract this company which Mr. Ford proposes to create should have forever a preferred claim on all the output of this plant; is that right?

Mr. MAYO. Oh, yes, sir; at reasonable terms. If the Government is selling all of its own power, controlling all of its own power, we should get it at the going rate.

Mr. HILL. On reasonable terms, as to terms, but not as to output. You would acquire a perpetual exclusive right to use the output; is that not right?

Mr. MAYO. Not all the output, but the average amount we had used for the last 10 years. It was taken for granted that in that time the thing would become stabilized, and we would be using a certain amount of power and that we would have the right to use that power. There are indefinite grants of power rights on navigable streams. The Mississippi River Power Co. has one at Keokuk, Iowa; the Alabama Power Co. has one at Lock 12 on the Coosa River. There are a number of others. The idea is nothing new.

Mr. HILL. If you had used all the power, you would have the right to all of the output?

Mr. MAYO. Yes, sir.

In the foregoing hearings Mr. Mayo insisted on prior and perpetual rights after the termination of 100 years, just as to-day his friends insist on the 100-year term. After the above hearing Mr. Ford dropped this claim.

I ask you to direct your attention to section 18 of the later offer of May 31, 1922, and section 17 of the McKenzie bill, and then to refer back to section 17 of the original Ford offer, which I have just quoted. The hearings show my questions.

The amended offer of Mr. Ford drops the quite untenable claim for priority after the 100 years. Mr. Ford evidently decided that he had better drop this demand. Note section 18 of the May 31 offer:

Sec. 18. In order that said company may be supplied with electric power and the farmers and other users with fertilizers after the termination of the said 100-year leases, should the United States elect not to operate said power plants but determine to lease or dispose of same, the company shall have the preferred right to negotiate with the United States for such lease or purchase and upon such terms as may then be prescribed by Congress.

Nor does the McKenzie bill revive the old demand of January 25, 1922. Here is the section of the pending McKenzie bill:

Sec. 17. In order that said company may be supplied with electric power and the farmers and other users with fertilizers after the termination of the said 100-year lease, should the United States elect not to operate said power plants but determine to lease or dispose of same, the company shall have the preferred right to negotiate with the United States for such lease or purchase and upon such terms as may then be prescribed by Congress.

Mr. Mayo said in 1922 that if we did not give Mr. Ford priority after the original 100 years he would not continue his offer. The committee protested against it in the numerous hearings before the committee, and Mr. Ford cut that clause from his present offer, and it does not appear in the McKenzie bill.

Gentlemen, we stand here responsible only to the American people for the disposition of the greatest nitrate plant in this country, a nitrate plant that the Secretary of War says at the present time, with the Waco Quarry and plant No. 2 in connection, will turn out enough nitrate to take care of two field armies of 1,000,000 men. I am not against the leasing of these dams or the leasing of these nitrate plants, and so forth, for a reasonable period of time. The gentleman from Tennessee [Mr. GARRETT] says if you make the term 50 years you will kill the Ford offer. I say to you that Mr. Ford's agents said they would not submit their proposition again if they did not have a prior option to continue their contract at the end of the 100 years. When that was cut out by the committee the Ford agents still made their offer. The question you will vote on is whether we will stand by the Federal water power act—and I hope you will vote in favor of it, as expressed by the amendment of the gentleman from Ohio. [Applause.]

Mr. McKENZIE. Mr. Chairman, when we first took up this matter for consideration two years ago the Secretary of War appeared before us as a witness, and I asked him this question:

Mr. McKENZIE. Mr. Secretary, I will be very brief. If we should adopt your suggestion to change this plan from a 100-year term to a 50-year franchise, it would simply be a refusal to accept the offer

made by Mr. Ford and would necessitate the submission of an entirely new proposition, would it not?

Secretary WEEKS. It would, unless Mr. Ford agreed to it.

Mr. Ford declined to agree to it. Now, my friends, we are up to a point of casting a very important vote.

The amendment is offered by the gentleman from Ohio [Mr. BURTON] in all good faith, and I want to say to him and to all other gentlemen like my friend from Iowa [Mr. DICKINSON], who are so conscientious about the water power act, do not deceive yourselves, my good friends; gentlemen, do not deceive yourselves with the idea that by voting through any such amendment as that it will be possible to settle this great question in the interest of the American people. The water power act is all right in its place. I voted for it. It embodies an agency for the Government to do certain things for us. But when we created that commission and when I voted for it I did not surrender my rights as a Member of the Congress of the United States, nor did Congress surrender its sovereignty over the agency which it had created. It is simply an agency, and to come in now and say that the Congress of the United States shall not have the right in its majesty to take hold of a great proposition like this and determine it, to my mind, is a very poor argument to make. The man that is making it from a conscientious standpoint I do not criticize, but whence comes the demand? As the gentleman from Tennessee pointed out, it does not come from the toiling millions of this country. I want to say to my colleague from Illinois [Mr. GRAHAM], who spoke here yesterday afternoon in favor of this proposition and for the defeat of the Ford offer, that the farmers of America are not asking him to do that; the workingmen of Rock Island and Moline and the hundreds of thousands of workingmen elsewhere and railroad men everywhere are not asking us to do this. The great business interests of our country outside of the corporate powers that are now interested in transmitting this current are not interested in defeating this proposition.

I want to say to you, my friends, and especially you on this side of the House, the old 157 standpatters, of whom I was one, who marched down to defeat here a few days ago while holding up the banner of Andrew Mellon to reduce further the surtaxes of certain of our citizens, I believed then, as it was alleged, and I believe now that it is a sound economic policy; but you, my friends, who have followed the banner of the Republican Party as I have from my boyhood days, proud of its achievements, and who have stood before thousands of people and boasted how we had protected the rights of the people, how we had stood for the interests of the common workingman, and how we had stood for the farmers, and how we had stood for big business and for giving big business a square deal, let me appeal to you, my friends. We are in power. We are responsible for action in this House. And in God's name, are you going to permit a great measure like this, that is fraught with more potential good to this country than any measure I have ever had the pleasure to support, are you going to quibble and find fault and try to find a little subterranean passage to get out and let it go to the country that the Republicans are opposed to this measure? I hope you are not going to do it. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired. The question is on agreeing to the amendment offered by the gentleman from Ohio [Mr. BURTON].

The question was taken, and the Chairman announced that the yeas appeared to have it.

Mr. BURTON. A division, Mr. Chairman.

The CHAIRMAN. The gentleman from Ohio asks for a division.

The committee divided; and there were—ayes 79, yeas 169.

Mr. MORIN. Mr. Chairman, I ask for tellers.

The CHAIRMAN. Tellers are demanded.

Tellers were ordered, and the Chairman appointed Mr. McKENZIE and Mr. BURTON to act as tellers.

The committee again divided; and the tellers reported—ayes 104, yeas 182.

So the amendment was rejected.

Mr. WILLIAMSON. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from South Dakota offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WILLIAMSON: Page 3, line 8, strike out all of line 8 after the word "facilities," all of line 9, and all of line 10 appearing before the word "payable."

Mr. McKENZIE. Mr. Chairman, I ask unanimous consent that the amendment be again reported. We could not hear it. The CHAIRMAN. Without objection, the amendment will be again reported.

The amendment was again read.

Mr. WILLIAMSON. Mr. Chairman and gentlemen of the House, under the offer as it now stands and as it is embodied in this bill, Henry Ford will only pay interest in the way of rental upon what is expended on Dam No. 2 after May 31, 1922. Prior to that time this Government had expended more than \$17,000,000 upon Dam No. 2. Every dollar of this money went into construction work and not into improvements. The \$17,000,000 spent is just as much a part of the cost of Dam No. 2 as the additional millions that we have spent since May 31, 1922, and the further millions that we will expend before the dam shall have been completed. There is no more justification in exempting Henry Ford from the payment of interest upon the first \$17,000,000 than there is for exempting him on the millions spent subsequently upon this dam. We have already, under this proposal, agreed to give to Henry Ford \$80,000,000 worth of property for \$1,500,000. He proposes to give us \$5,000,000 in payment for \$85,000,000 worth of property. This included the Gorgas steam plant which cost \$5,000,000. Under this bill we are giving him back \$3,472,481 we received for this plant for the construction of another steam plant in lieu of the Gorgas plant. It is the most munificent gift ever given to mortal man, and that this Congress should ever think of handing over an additional gift in the way of an exemption from the payment of interest upon the first \$17,000,000 put into this dam is quite inconceivable, yet the advocates of this bill seem determined to do that very thing.

It has been said here that Henry Ford proposes to amortize the entire cost of these two dams in 100 years; but, my friends, this proposed amortization does not include interest upon the \$17,000,000. Not only that but his total payments to this Government in 100 years' time only amounts to \$4,368,378 under the amortization paragraph, an infinitesimal sum when compared with what he gets. If we were to amortize the interest paid, together with the sinking fund, we should, indeed, have a pyramid of striking dimensions at the end of the 100-year period. But, on the other hand, if we were to amortize the loss to the Government as the result of turning over this vast plant to Henry Ford on the same basis we should have another beside which the first would be a mere pigmy. Our losses, with interest compounded at 4 per cent annually, would amount to \$1,470,000,000. If it is fair to figure that way on behalf of Mr. Ford, it is equally fair to figure upon the same basis on behalf of the American people, whom we are supposed to represent.

As I said to this House the other day, this Government, by retaining possession of its own plant, can manufacture fertilizers as cheaply as Henry Ford, and by disposing of the surplus current can retire the entire cost of the plant in 50 years' time. Capital cost will then be eliminated and it can manufacture fertilizer and sell current at actual cost of operation.

Much has been said about the Alabama Power Co. But, gentlemen, the Alabama Power Co. is not concerned here, and, so far as I am concerned, I have never seen a representative of the Alabama Power Co. since I came to Congress. There has not been any kind of propaganda that I know anything about by this company for more than 18 months. Constant reference to this and other companies here is ridiculous, and is put forward in order to befog the issue.

The fact is, gentlemen, that this offer can not be defended upon any principle of justice or with any regard to the rights of the American people. Indeed, its proponents have practically ceased to defend it, but are determined to put it across regardless of the American taxpayers. We are told to follow the Republicans. Who are the Republicans? A mere handful of them just voted against the Burton amendment, which would have compelled Ford to come under the water power act. The Republican supporters of this bill are working with the Democrats, not with the big majority on their side of the House. It is not, gentlemen, a party issue; I concede that; it is not a southern issue; it is not a northern issue; it is a national issue, and we ought to stand up and see to it that every last dollar in the American Treasury is not given to Henry Ford. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. WILLIAMSON].

The question was taken; and on a division (demanded by Mr. WILLIAMSON) there were—ayes 44, yeas 110.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 4. The company will further pay to the United States during the period of the lease of Dam No. 2, \$35,000 annually, in installments quarterly in advance, for repairs, maintenance, and operation of Dam No. 2; its gates and locks; it being understood that all necessary repairs, maintenance, and operation thereof shall be under the direction, care, and responsibility of the United States during the said 100-year lease period; and the company, at its own expense, will make all necessary renewals and repairs incident to efficient maintenance of the power house, substructures, superstructures, machinery, and appliances appurtenant to said power house, and will maintain the same in efficient operating condition.

Mr. BURTON. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from Ohio offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BURTON: Page 3, in section 4, strike out lines 18 to 25, inclusive, and insert in lieu thereof the following: "The company, during the period of this lease, shall, at its own expense, provide for the necessary repairs, maintenance, and operation of Dam No. 2, its gates and locks."

Mr. BURTON. Mr. Chairman, the purport of this amendment is perfectly clear. It is to compel the grantee under this license to do what every other licensee must do and what is done in every other business transaction, namely, pay the expense of maintenance.

There is here provision for a ridiculously small amount. These dams are to cost, one of them probably between \$50,000,000 and \$60,000,000, the other \$25,000,000. The first is to be leased for 100 years and the amount that is to be paid by this company is \$35,000 a year, much less than 1 per cent.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. BURTON. Yes.

Mr. STRONG of Kansas. Would it not take more than \$35,000 to operate the locks, as there are two of them 60 feet wide and 300 feet long?

Mr. BURTON. Yes; that is a very good suggestion. It will probably require four to six men in three shifts, and the mere operation of the locks will cost more than \$35,000 a year.

Now, I am keenly disappointed in the vote that was just taken, but I want to be a good sport and be good-natured about it. I have been defeated before, but I repeat what I said day before yesterday, that I have had some experience with this very Tennessee River. A measure was passed here and I was very much attacked because I opposed granting the right to construct dams at any place in the river along by Muscle Shoals. The newspapers especially were somewhat bitter about it, but within eight months, beginning with a telegram from the mayor of Huntsville and signed by the leading citizens, they asked me to defeat that very bill that had been passed, and I did defeat it by inserting a provision in the river and harbor bill of 1907.

History sometimes repeats itself. It may not be so soon as that, but I think this House will hear from the country; I think it will hear from the farmers of the country, and I desire in this connection, as it has been very generally supposed that the farmers were all in favor of this, to repeat what I said the other day, that it is only one of about half dozen such organizations that is in favor of the Ford plan.

Why should it be considered that there is only one man who can carry out this proposition? Why should we kotow to Henry Ford? I deplore the amount of dust that has been scattered in the air about the Alabama Power Co. That is all aside from the question. I do not care for any of them, but I do care for seeing the rights of the Government and of the people of the United States preserved as they would be preserved by the act of 1920. [Applause.]

Now, gentlemen, if you wish to vote down this amendment, understand just what you are doing. You are imposing upon the Government of the United States the obligation of maintaining a dam costing \$60,000,000, which, as the gentleman from Texas has said, might wash away at any time, for the beggarly pittance of \$35,000 a year. Vote that way if you wish to, but I wish to have it understood, while you are voting on this subject, the kind of support there is behind this bill.

Mr. BLANTON. Mr. Chairman, I offer a substitute.

Mr. BURTON. Mr. Chairman, I ask unanimous consent to have this paper inserted in the Record.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to have a paper inserted in the Record as part of his remarks. Is there objection? [After a pause.] The Chair hears none.

The matter referred to is as follows:

NATIONAL GRANGE, P. OF H.,

Washington, D. C., March 5, 1924.

HON. THEODORE E. BURTON,

House Office Building, Washington, D. C.

DEAR SIR: Your letter of March 5 just to hand, and in reply will say that the National Grange has never at any time specifically indorsed the Henry Ford Muscle Shoals proposition, but at each session of the National Grange has for the last three years passed some kind of a resolution with reference to Muscle Shoals.

I am inclosing a copy of the resolution adopted at its last session at Pittsburgh last November. An identical resolution was adopted the year before, and in somewhat modified form similar resolutions had been previously adopted.

Trusting that this satisfactorily answers your inquiry, I am,

Yours sincerely,

T. C. ATKESON,

Washington Representative.

MUSCLE SHOALS.

We repeat our former declaration that that great development of natural resources at Muscle Shoals should be leased or sold by the Government to the highest bidder on such terms as will best safeguard and protect the interests of the public, or that it be operated by the Government at once. To do this effectively, measures should be enacted into law which guarantee, first, that nitrate and fertilizer production to the capacity of the project will be continually carried on; second, that the entire project be made available for military uses in times of war; third, that experimental and research work be established to develop and to discover new and approved methods for fixing nitrogen and manufacturing fertilizers; fourth, that sufficient power shall be guaranteed in times of peace to operate the project at its full capacity; fifth, that provision be made for reimbursing the Government the additional money required to complete the project.

Mr. McKENZIE. Mr. Chairman—

The CHAIRMAN. The gentleman from Illinois, the chairman of the committee, is recognized.

Mr. McKENZIE. Mr. Chairman and gentlemen of the committee, I am not going to take your time to discuss this amendment further than to say that I do not put my judgment up against the judgment of my distinguished friend from Ohio. The gentleman has had more experience than I have had, but I rely on a friend of his, Gen. Lansing H. Beach, the Chief of the Corps of Engineers of the United States Army, who stated to our committee that \$50,000 would take care of this work on the two dams. General Beach wrote a letter to the Secretary of War stating that \$50,000 would do it, and therefore I am bound to believe the Chief of Engineers of our Army, and I ask for a vote.

Mr. FROTHINGHAM. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Mr. Chairman, I offer a substitute.

Mr. FROTHINGHAM. I merely wanted to bring out the fact that anything General Beach said—

Mr. BLANTON. Mr. Chairman, I have offered a substitute which is in order under the rules and I ask that it be read.

Mr. FROTHINGHAM. Mr. Chairman, have I the floor?

Mr. BLANTON. I presume we are working under the rules of the House.

The CHAIRMAN. If the gentleman from Texas will subside until we get order, the gentleman will be recognized.

Mr. CLARK of Florida. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Did the gentleman from Illinois yield the floor?

Mr. FROTHINGHAM. The gentleman yielded to me for a question.

Mr. CLARK of Florida. Mr. Chairman, a parliamentary inquiry. Who has the floor?

Mr. McKENZIE. Mr. Chairman, I move that the committee do now rise.

Mr. FROTHINGHAM. Will the gentleman yield to me for a question?

Mr. McKENZIE. Yes; I yield to the gentleman for a question.

Mr. FROTHINGHAM. I wanted to ask the gentleman if what he said about General Beach included putting up the dam again if it was swept away. General Beach merely covered the upkeep and not replacing it in case it was destroyed by earthquake or in some other way.

Mr. McKENZIE. Certainly, and if the Government was operating the dams and they were washed away they would have to replace them.

Mr. McKENZIE. Mr. Chairman, I move the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MAPES, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill (H. R. 518) to authorize and direct the Secretary of War to sell to Henry Ford nitrate plant No. 1, at Sheffield, Ala.; nitrate plant No. 2, at Muscle Shoals, Ala.; Waco Quarry, near Russellville, Ala.; and to lease to the corporation to be incorporated by him Dam No. 2 and Dam No. 3 (as designated in H. Doc. 262, 64th Cong., 1st sess.), including power stations when constructed as provided herein, and for other purposes, had come to no resolution thereon.

INTERNATIONAL INSTITUTE OF AGRICULTURE AT ROME (S. DOC. NO. 58).

The SPEAKER laid before the House the following message from the President which, with the accompanying papers, was read and referred to the Committee on Foreign Affairs.

To the Congress of the United States:

I invite the attention of the Congress to the accompanying report of the Secretary of State concerning requests made by the Secretary of Agriculture that legislation be obtained that will enable an appropriation of \$10,045 to be made for the expenses of nine delegates to the meeting of the General Assembly of the International Institute of Agriculture at Rome in May next, and an appropriation of \$5,000 to enable the United States to meet the obligation which would be incurred in requesting the admission to the institute of Hawaii, the Philippines, Porto Rico, and the Virgin Islands.

I quite agree with the views of the Secretary of State and the Secretary of Agriculture that it is important to the agricultural interests of the United States that this country should be adequately represented in the General Assembly of the institute, and that the United States should have in the assembly a voting strength and influence equal to that of any other country. I therefore commend the requests to the favorable consideration of the Congress.

CALVIN COOLIDGE.

THE WHITE HOUSE, March 7, 1924.

HOOR OF MEETING TO-MORROW.

Mr. LONGWORTH. Mr. Speaker, at the suggestion of the gentleman from Illinois, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock a. m. to-morrow.

The SPEAKER. The gentleman from Ohio asks unanimous consent that when the House adjourns to-day it adjourn to meet at 11 a. m. to-morrow. Is there objection?

Mr. BLANTON. Mr. Speaker, reserving the right to object, there are committee meetings to-morrow morning, and all of us are interested in this bill.

The SPEAKER. Is there objection?

Mr. BLANTON. I object.

ADJOURNMENT.

Mr. LONGWORTH. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 50 minutes p. m.) the House adjourned until to-morrow, Saturday, March 8, 1924, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

390. Under clause 2 of Rule XXIV, a letter from the Secretary of Agriculture, transmitting a detailed statement of expenditures of the Department of Agriculture for the fiscal year ended June 30, 1923, was taken from the Speaker's table and referred to the Committee on Expenditures in the Department of Agriculture.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. HUDSON: Committee on Indian Affairs. H. R. 26. A bill to compensate the Chippewa Indians of Minnesota for lands disposed of under the provisions of the free homestead act; without amendment (Rept. No. 272). Referred to the Committee of the Whole House on the state of the Union.

Mr. HUDSON: Committee on Indian Affairs. H. R. 694. A bill to amend an act entitled "An act for the relief of the Saginaw, Swan Creek, and Black River Band of Chippewa

Indians in the State of Michigan, and for other purposes," approved June 25, 1910; without amendment (Rept. No. 273). Referred to the Committee of the Whole House on the state of the Union.

Mr. HUDSON: Committee on Indian Affairs. H. R. 4460. A bill authorizing payment to certain Red Lake Indians, out of Chippewa Indian funds, for garden plats surrendered for school-farm use; with an amendment (Rept. No. 274). Referred to the Committee on the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. HUDSON: Committee on Indian Affairs. H. R. 4461. A bill to provide for the payment of certain claims against the Chippewa Indians of Minnesota; without amendment (Rept. No. 275). Referred to the Committee of the Whole House.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. CASEY: A bill (H. R. 7727) to increase the limit of cost of the public building at Pittston, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. LITTLE: A bill (H. R. 7728) to relieve Fort Scott, Kans., of repair, maintenance, and care of 1 mile of the old Government roadway from the national soldiers' cemetery into Fort Scott, known as National Avenue; to the Committee on Military Affairs.

By Mr. WOLFF: A bill (H. R. 7729) adjusting the pay of students of officers' training camps; to the Committee on Military Affairs.

By Mr. REED of West Virginia: A bill (H. R. 7730) to further regulate certain public-service corporations operating within the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. KAHN: A bill (H. R. 7731) authorizing the Secretary of War to sell a portion of the Carlisle Barracks Reservation; to the Committee on Military Affairs.

By Mr. SABATH: A bill (H. R. 7732) to provide adjusted compensation for veterans of the World War, and for other purposes; to the Committee on Ways and Means.

By Mr. MILLER of Illinois: A bill (H. R. 7733) transferring the counties of Madison and Bond, in the State of Illinois, from the southern judicial district to the eastern judicial district of Illinois; to the Committee on the Judiciary.

By Mr. WATSON: A bill (H. R. 7734) for the purchase of a site and the erection of a public building at Jenkintown, Montgomery County, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. WHITE of Maine: Resolution (H. Res. 212) authorizing the select committee appointed under House Resolution 186 to employ stenographic and other assistance, and for other purposes; to the Committee on Accounts.

By Mr. KENT: Resolution (H. Res. 213) providing for investigation of district No. 3, United States Veterans' Bureau; to the Committee on Rules.

By Mr. CONNERY: Memorial of the Legislature of the State of Massachusetts, proposing amendment to the Constitution authorizing Congress to enact legislation as to child labor; to the Committee on the Judiciary.

By Mr. TAGUE: Memorial of the Legislature of the State of Massachusetts, favoring enactment of uniform legislation as to child labor throughout the United States; to the Committee on the Judiciary.

Also, memorial of the Legislature of the State of Massachusetts, relative to retirement of disabled emergency officers of the United States Army; to the Committee on Military Affairs.

By Mr. PATTERSON: Memorial of the Legislature of the State of New Jersey, protesting against the enactment into law of the Johnson immigration bill because it is injurious and iniquitous to the Italian people; to the Committee on Immigration and Naturalization.

By Mr. ROGERS of Massachusetts: Memorial of the Legislature of the State of Massachusetts, favoring legislation relative to the retirement of disabled emergency officers of the United States Army; to the Committee on Military Affairs.

Also, memorial of the Legislature of the State of Massachusetts, favoring a child labor amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. TREADWAY: Memorial of the Legislature of the State of Massachusetts, in favor of an amendment to the Con-

stitution of the United States authorizing Congress to enact a uniform child labor law; to the Committee on the Judiciary.

Also, memorial of the Legislature of the State of Massachusetts favoring the passage by Congress of legislation relative to the retirement of disabled emergency officers of the United States Army; to the Committee on Military Affairs.

By Mr. CONNERY: Memorial of the Legislature of the State of Massachusetts favoring the passage by Congress of legislation relative to the retirement of disabled emergency officers of the United States Army; to the Committee on Military Affairs.

By Mr. GALLIVAN: Memorial of the Legislature of the State of Massachusetts recommending favorable consideration of an amendment to the Constitution of the United States authorizing Congress to enact a uniform child labor law; to the Committee on the Judiciary.

Also, memorial of the Legislature of the State of Massachusetts favoring the passage by Congress of legislation relative to the retirement of disabled emergency officers of the United States Army; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CONNERY: A bill (H. R. 7735) granting a pension to Jennie E. Polhemus; to the Committee on Pensions.

By Mr. FREAR: A bill (H. R. 7736) for the relief of May Dorwin; to the Committee on Claims.

By Mr. GERAN: A bill (H. R. 7737) for the relief of Wilhelm D. Holman and the estate of M. Samuel; to the Committee on Claims.

Also, a bill (H. R. 7738) for the relief of the estate of Farnham Z. Tucker, deceased; to the Committee on Claims.

By Mr. GLATFELTER: A bill (H. R. 7739) granting an increase of pension to Mary M. Perago; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7740) granting an increase of pension to Susan Wagener; to the Committee on Invalid Pensions.

By Mr. HICKEY: A bill (H. R. 7741) for the relief of David A. Wolfe; to the Committee on Claims.

By Mr. KING: A bill (H. R. 7742) granting an increase of pension to Jerus S. Dickinson; to the Committee on Pensions.

By Mr. SALMON: A bill (H. R. 7743) granting an increase of pension to William Weaver; to the Committee on Invalid Pensions.

By Mr. SANDLIN: A bill (H. R. 7744) for the relief of Wesley T. Eastep; to the Committee on Claims.

By Mr. TAYLOR of Tennessee: A bill (H. R. 7745) for the relief of Drum Major John Sullivan; to the Committee on Military Affairs.

Also, a bill (H. R. 7746) granting a pension to Mary D. Walls; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7747) granting an increase of pension to Mary A. Rogers; to the Committee on Invalid Pensions.

By Mr. WARD of North Carolina: A bill (H. R. 7748) to provide for an examination and survey of Edenton Harbor, Edenton, Chowan County, N. C.; to the Committee on Rivers and Harbors.

By Mr. WELLER: A bill (H. R. 7749) for the relief of Henry F. Downing; to the Committee on Military Affairs.

By Mr. WURZBACH: A bill (H. R. 7750) for the relief of Webster Flanagan; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1570. By Mr. ALDRICH: Petition of the Board of Aldermen of the city of Newport, R. I., urging that Coddington Point, with the buildings and appurtenances thereof, be retained and kept in condition as part of the United States navy training station at Newport; to the Committee on Naval Affairs.

1571. By Mr. CONNERY: Petition of city council, city of Lynn, Mass., protesting the so-called Johnson immigration bill; to the Committee on Immigration and Naturalization.

1572. By Mr. COOK: Petition of Marion Council, No. 3, Junior Order United American Mechanics, Marion, Ind., in support of the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1573. By Mr. CORNING: Petition of the last meeting of the board of directors of the Albany Chamber of Commerce, relative to the appointment by the President of a Federal tax appeal board; to the Committee on Ways and Means.

1574. By Mr. FENN: Petition of Court Spinoza, No. 102, Foresters of America, New Britain, Conn., protesting against

the so-called Johnson immigration bill; to the Committee on Immigration and Naturalization.

1575. By Mr. KELLER: Petition of veterans of Spanish-American War, Philippine insurrection, and China relief expedition, now residents of the Minnesota Soldiers' Home, urging enactment of House bill 5934; to the Committee on Pensions.

1576. By Mr. KIESS: Petition of citizens of Jersey Shore, Pa., relative to the repeal of war-excite taxes, including motor vehicles; to the Committee on Ways and Means.

1577. By Mr. KINDRED: Petition of citizens of New York, assembled at the Academy of Music, Brooklyn, N. Y., protesting against the entertainment by the President of the United States of proposals for the recognition of a diplomatic representative from the so-called Irish Free State government; to the Committee on Foreign Affairs.

1578. By Mr. LINDSAY: Petition of members of Gloucester Camp, No. 5, United Spanish War Veterans, Department of New York, Brooklyn, N. Y., favoring an increase of compensation being granted to post-office employees; to the Committee on the Post Office and Post Roads.

1579. Also, petition of W. P. Conway, vice president Guaranty Trust Co., New York City, N. Y., favoring the enactment into law of House bill 745, or the game refuge bill; to the Committee on Agriculture.

1580. Also, petition of the adjutant general of the State of New York, favoring Senate bills 1974 and 2169 and House bill 4820; to the Committee on Military Affairs.

1581. Also, petition of members of the Gloucester Camp, No. 5, United States Spanish War Veterans, of the Department of New York, Brooklyn, N. Y., favoring the adjusted compensation bill; to the Committee on Ways and Means.

1582. Also, petition of Kings County District Council, No. 3, of the Steuben Society of America, urging the passage of House Joint Resolution 180 for the relief of the present distress in Germany; to the Committee on Foreign Affairs.

1583. By Mr. MAJOR of Missouri: Petition of 18 citizens of Springfield, Mo., urging the enactment into law of legislation similar to or identical with the Brookhart-Hull bill; to the Committee on Naval Affairs.

1584. Also, petition of the citizens of Slater, Mo., urging the passage of the immigration bill; to the Committee on Immigration and Naturalization.

1585. By Mr. MERRITT: Petition of the American Legion, Department of Connecticut, favoring an amendment to the war risk insurance act to extend the time limit for proving service origin of tubercular cases to five years; to the Committee on World War Veterans' Legislation.

1586. Also, petition of the American Legion, Department of Connecticut, favoring an amendment to the war risk insurance act to remove the time limit for filing claims in mental cases; to the Committee on World War Veterans' Legislation.

1587. By Mr. MORROW: Petition of members of the Shop Associations of Las Vegas, N. Mex., opposing amendments to the transportation act; to the Committee on Interstate and Foreign Commerce.

1588. By Mr. O'CONNELL of Rhode Island: Petition of the board of aldermen of the city of Newport, R. I., protesting against the dismantling and sale of buildings at Coddington Point, R. I.; to the Committee on Naval Affairs.

1589. Also, petition of members of the Young Women's Hebrew Association of Newport, R. I., opposing the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1590. By Mr. ROUSE: Petition of citizens of Kenton County, Ky., indorsing the passage of the immigration bill; to the Committee on Immigration and Naturalization.

1591. By Mr. SHREVE: Petition by the city council of Erie, Pa., opposing passage of House bill 7044, known as the Chicago Drainage Canal bill; to the Committee on Rivers and Harbors.

1592. By Mr. SPEAKS: Petition of 24 citizens of Columbus, Ohio, urging enactment of legislation requiring that all strictly military supplies be manufactured in the Government-owned navy yards and arsenals; to the Committee on Naval Affairs.

1593. By Mr. TAGUE: Petition of Master House Painters and Decorators Association, of Somerville, Mass., advocating increase in second-class postage rates; to the Committee on the Post Office and Post Roads.

1594. By Mr. TEMPLE: Petition of a number of women of Washington, Pa., in support of the adjusted compensation bill; to the Committee on Ways and Means.

1595. By Mr. YATES: Petition of Hon. William H. Conkling, postmaster, Springfield, Ill., favoring giving full rights of the retirement act to supervisory employees of the Postal Service; to the Committee on the Post Office and Post Roads.